


Orion Group

Sustainability Report 2012

24 April 2013

This PDF contains the content of the Report for 2012.
The master report has been published as a web publication
at www.orion.fi/sustainability-report-2012



Foreword to Orion's Sustainability Report 2012

The primary publication platform for our 2012 Sustainability Report is the Sustainability section of the corporate internet website at www.orion.fi/sustainability. The Report is not available as a printed publication, but the manuscript of the full Report is provided as a PDF document. The Report is provided in English and Finnish.

Our reporting framework is the G3 guideline version of the internationally adopted GRI, Global Reporting Initiative, to the extent applicable to our operations.

Orion has a particular responsibility towards its customers for the quality and safety of its medicinal products. As marketing authorisation holders we are accountable for the full regulatory compliance not only of our own processes but also for the processes of all the external parties involved in the supply chain of our products. Orion increasingly manufactures products to other pharmaceutical companies too. In this role we also have to fulfil the same obligations towards our contract manufacturing principals.

The constantly increasing consumer awareness and criticalness challenges companies – both small and large ones – to mind for their sustainability image and to show responsibility in a credible manner. Like in the previous year, Orion was again ranked among the 10 most responsible Finnish companies in TNS Gallup's annual survey of the general public's perceptions of Finnish companies' reputation and sustainability. The results were published in January 2013. The strong confidence and appreciation of our customers towards our company are a matter of honour for us, and they are also in line with our image targets. We aim to go on strengthening this trust in our daily work in all aspects of sustainability.

Anne Allo
Corporate Responsibility Officer

Orion Group Sustainability Report 2012 (according to GRI)

CONTENT OF THE REPORT

3.12. GRI content index

A comparison with the GRI guidelines and the locations of the disclosures in the Report are provided in the table below.

Extent of reporting

- 1 Reported
- 2 Partly reported
- 3 Not reported

orion.fi = Orion's corporate website
www.orion.fi

GRI code	GRI content	Scope of reporting	Page number in Report	Note
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2,4	Location of organisation's headquarters.	1	14	
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2,6	Nature of ownership and legal form.	1	16	
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EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	3		
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LA14	Ratio of basic salary of men to women by employee category.	1	76	
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	Diversity and equal opportunity			
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HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	3		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	3		
	Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	1	79	
	Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	1	79	
	Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	1	79	
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HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	1	79	
	Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	3		
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HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	1	79	

SO	Social: Society		80–83	
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	Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	2	83	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	2	83	
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SO5	Public policy positions and participation in public policy development and lobbying.	1	83	
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SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	1	83	
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PR	Social: Product Responsibility		84–94	
	Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	1	89	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle.	1	89	
PR own	Product recalls and product defects.	1	90	
PR own	Inspections of Orion's operations and sites conducted by third parties.	1	91	
PR own	Inspections of material and service suppliers' and contract manufacturers' operations and sites conducted by Orion.	1	92	
	Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	1	93	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.	1	93	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	2	93	
	Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	1	94	

PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	1	94	
	Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	1	94	
	Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	1	94	

1. Orion Group's vision and strategy

The Executive Management Board has confirmed Orion's commitment to responsible operation and continuous development in the following statement:

Orion's approach to corporate responsibility

Orion is committed to responsibility and continuous improvement.

The operations and activities in the Orion Group are based on compliance with laws and regulations, as well as with ethically acceptable operating practices. These principles, together with Orion's Values and our dedication to 'Building well-being', are the key drivers for us in our approach to corporate responsibility in our daily work, in what ever we do.

With our strong devotion to promoting health, we aim to enhance trust in Orion as a company that cares for and contributes to the welfare of mankind. We are committed to sustainable development and constantly improving performance, aiming for highest standards in the industry with respect to the environment, health and safety.

We aim to be a trustworthy partner in terms of economic, social and environmental criteria. We also aim to be an attractive and solid workplace, respecting human rights and equality. Our commitment to responsibility allows us to expect the same from our business partners.

Strategy and management approach

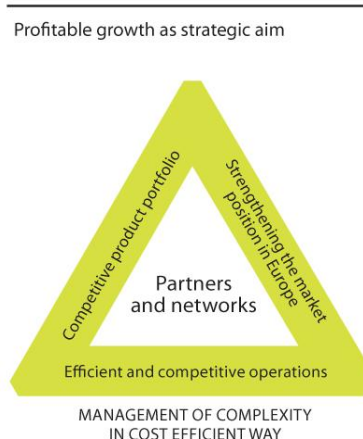
Orion's mission is to build well-being. To this end, Orion provides pharmaceuticals and diagnostic tests that help patients to treat their illnesses effectively. Effective drugs also provide added value for patients by improving quality of life. Responsibility and caring about the consequences of our operations and their impact on people, the environment and society are key parameters for the smart and viable operating practices applied by Orion in order to reach its strategic objectives.

Orion aims to be an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Innovation is at the centre of Orion's vision, because the development of innovative products alone is not enough in the current competitive environment: the company's overall approach should be based on innovation. Orion aims to have innovative, effective practices and business models throughout its operations.

The corporate values – Mutual trust and respect / Customer focus / Innovation / Achievement / Quality, reliability and safety – are the basic elements behind the implementation of the strategy.

Orion's strategic aims are profitable growth and increased shareholder value, whilst keeping business risks under control. Orion's strategy focuses on three key themes:

- Growth of business operations through a competitive product portfolio
- Strengthening the market position in Europe
- Development of operational flexibility and efficiency



All of Orion's business divisions play a major role in achieving the financial objectives of the Group. The two largest divisions, Proprietary Products and Specialty Products, are most crucial, however. Orion strives to achieve synergies between patent-protected proprietary drugs, off-patent (generic) prescription drugs and self-care products.

A description of the strategy of the Orion Group is available on the corporate website at <http://www.orion.fi/strategy>.

1.1 Statement by the CEO about the relevance of sustainability to Orion and associated challenges

President and CEO Timo Lappalainen:

Orion operates in the pharmaceutical and diagnostic industry, representing very sophisticated fields of high technology. Our interest groups have plenty of anticipations towards our activities and products. As a pharmaceutical company we must adhere to strict and comprehensive regulation, and additional requirements are set year by year. Those concerning listed companies form their own part in the long list of obligations. As we are developing Orion's businesses with a long-term perspective, we follow all the rules concerning our operations without compromise. This is the cornerstone of sustained operations and also a condition for our licence to be in this business.



Medicines and their manufacturers must be trustworthy. When buying a drug in the pharmacy for the treatment of an illness or for promoting health, the patient must be able to rely on that the product is genuine and properly packed, that the package contains exactly what is typed on it and in the product information leaflet, and that the package has been stored and handled appropriately all the way from the manufacturer to the pharmacy.

The responsibility for the product and its safety for the user is the most important of our company's responsibilities. It is also in the focus of the medicinal authorities who supervise our operations. Although our corporate sustainability report is not yet assured by an external auditor, our operations are constantly under the loop of inspectors. In 2012, approximately one inspection was conducted in Orion every week. Our compliance with regulations is monitored not only by healthcare authorities – a much higher number of inspections are made by other pharmaceutical companies, those with whom we collaborate in a versatility of partnerships.

We also have to be assured of the impeccability of our own supply chain. Last year we inspected one materials supplier or service provider per each work day, on average. No critical shortcomings were observed in any of them, which implies that we have been successful in selecting our supply sources.

I am especially proud of how Orion's employees in every location of the Group show commitment to our goals, requirements and values by taking care of our good business performance and compliance. The basis of the trust in our products, our work and our company is built in-house, by ourselves.

1.2 Description of key impacts, risks, and opportunities

The most relevant risks of the Orion Group's operations are characterised in the Corporate Governance statement, accessible on Orion's corporate website at www.orion.fi/risk-management.



2. Organisational profile

Detailed information about the Orion Group's operations and operational scope can be found on Orion's website at www.orion.fi/en/orion.

2.1 Name of the organisation and 2.4 Location of headquarters

Orion Corporation
Orionintie 1 A
FI-02200 Espoo, Finland

2.2 Primary brands, products and/or services

Pharmaceuticals
Active pharmaceutical ingredients
Diagnostic tests
Contract manufacturing of pharmaceuticals to other companies

The product portfolio and operations are featured in the Products and Services section of Orion's corporate website, at www.orion.fi/products-and-services.

2.3 Operational structure of the organisation

Proprietary Products:

Patented prescription drugs for central nervous system diseases, oncology and critical care, Easyhaler® pulmonary drugs

Specialty Products:

Generic (off-patent) prescription products and self-care products

Animal Health:

Veterinary medicines and products for pets and production animals

Fermion:

Active pharmaceutical ingredients

Orion Diagnostica:

Diagnostic test systems for healthcare service providers and industry

2.5 Countries where the organisation operates, and countries with operations relevant to the sustainability issues covered in the report

Finland

Headquarters and administration in Espoo

Pharmaceutical manufacturing in Espoo, Turku and Kuopio

Active pharmaceutical ingredient manufacturing in Hanko and Oulu (Fermion)

Diagnostics manufacturing in Espoo and Turku

Pharmaceutical research centres in Espoo and Turku

Marketing: Espoo, Turku, Kuopio, Oulu and Tampere

Outside Finland

Marketing organisations in 24 countries in Europe

Subsidiary FinOrion Pharma India Pvt. Ltd. in India

2.6 Nature of ownership and legal form

Orion Corporation is a public company whose shares are listed on Nasdaq OMX Helsinki. At the end of 2012, the company had approximately 56,500 registered shareholders, of which 53,800 were households. Households held approximately 48% of the entire stock.

Details on the shareholder base are provided at www.orion.fi/shareholder-base. Most of the data is updated on a monthly basis.

2.7 Markets served

The Orion Group operates in the pharmaceutical and diagnostics markets. Customers in these sectors include healthcare providers and professionals, consumers and other pharmaceutical companies. In healthcare, customers primarily include specialist doctors and general practitioners, vets, pharmacies, hospitals, healthcare centres, clinics and laboratories and their respective supply organisations.

Orion's products are available in more than a hundred countries. Finland is the main market area, contributing 26% of the net sales for 2012. Scandinavia and rest of Europe accounted for

44% of the net sales, and North America and the rest of the world accounted for 30%. Outside Europe, Orion operates by granting marketing licenses to its products to other pharmaceutical companies.

2.8 Scale of the reporting organisation

The Group's net sales in 2012 amounted to EUR 980 million. International operations accounted for about 74 per cent of the net sales. At the end of 2012, the Group had 3,486 employees, of whom some 2,783 in Finland and 703 in the foreign subsidiaries.

Net sales of the Orion Group by market area 2010–2012

EUR million	2010	2011	2012
Finland	229.2	240.7	257.3
Scandinavia	114.0	120.3	126.3
Other Europe	274.7	292.2	302.5
North America	70.9	109.9	150.7
Other markets	104.6	120.6	143.7
Orion Group total	771.5	849.9	980.4

Key figures for 2010–2012

	2010	2011	2012
Net sales, EUR million	849.9	917.9	980.4
International operations, EUR million	620.7	677.2	723.1
% of net sales	73.0%	73.8%	73.8%
Operating profit, EUR million	254.2	282.9	280.9
% of net sales	29.9%	30.8%	28.7%
Profit before taxes, EUR million	252.6	282.0	278.3
% of net sales	29.7%	30.7%	28.5%
Income tax expense, EUR million	67.9	72.4	70.4
R&D expenses, EUR million	85.5	87.5	104.8
% of net sales	10.1%	9.5%	10.7%
Capital expenditure, EUR million	39.2	49.5	46.8
% of net sales	4.6%	5.4%	4.8%
Assets total, EUR million	745.8	779.1	836.9
Equity ratio, %	62.7%	62.4%	61.1%
Gearing, %	-12.2%	-6.9%	-1.7%
Interest-bearing liabilities, EUR million	110.0	88.7	136.7
Non-interest-bearing liabilities, EUR million	168.4	190.5	189.0
Cash and cash equivalents, EUR million	167.2	123.0	145.2
ROCE (before taxes), %	45.0%	49.4%	46.2%
ROE (after taxes), %	40.7%	43.3%	41.3%
Personnel at the end of the period	3 131	3 425	3 486
Average personnel during the period	3 137	3 328	3 495
Personnel expenses, EUR million	170.3	186.0	212.1

2.9 Significant changes during the reporting period regarding size, structure, or ownership

Orion's current operational structure has been in place since the demerger in the summer of 2006, when Orion Corporation started as a new company specialising in pharmaceuticals and diagnostics. Net sales for 2012 were approximately 53 per cent higher compared with the 2006 pro forma net sales. In accordance with its strategy, Orion has expanded the geographical territory covered by its own marketing organisation for pharmaceuticals by establishing its own subsidiaries in an increasing number of European countries.

The total number of Orion employees has increased by about 425 since the demerger in 2006. The most notable increases in the number of employees have taken place in the pharmaceuticals supply chain functions in Finland as well as in the foreign marketing organisations.

The number of shareholders was about 56,500 at the end of 2012. Close to 68% of the total sharestock and about 94% of the total votes were in Finnish ownership.

	2010	2011	2012
Number of shareholders	58 700	57 200	56 500

2.10 Awards received in the reporting period

Orion Diagnostica as, the Norwegian marketing subsidiary of Orion Diagnostica, was awarded in November 2012 with the certificate of the Norwegian Eco-Lighthouse foundation as an acknowledgement for long-term commitment to reducing waste and energy consumption. The employees show awareness of the importance of reducing their environmental impacts even outside the office. The product specialists, for example, take into account the effects on climate and environment when planning customer visits and business trips.

3. Report parameters

3.1 Reporting period for information provided

The reporting period is one calendar year. This report focuses on 2012. Comparative data is provided for 2010–2011.

3.2 Date of most recent previous report

The Report for 2012 is the 4th sustainability report of the Orion Group. The previous sustainability report was dated and published on 25 April 2012..

Orion published its first sustainability report in 2010, covering the years 2007–2009.

3.3 Reporting cycle (annual, biennial, etc.)

Orion Corporation publishes a sustainability report for each calendar year.

3.4 Contact point for questions regarding the report or its contents

The person responsible for report compilation at Orion Corporation is Anne Allo, Corporate Responsibility Officer, tel. +358 10 426 3735, e-mail: anne.allo@orion.fi. She is also the company's contact person for sustainability-related questions.

3.5 Process for defining report content

The indicators included in Orion's sustainability reporting have been selected and specified in working groups consisting of persons with good understanding and expertise of the area of sustainability they represent. The calculation methods used in reporting were also determined in these groups. Materiality was also assessed for each indicator when setting up the data management system for GRI-based reporting. The reporting infrastructure is provided by ToFuture Oy.

The materiality was evaluated and the key stakeholders of the company were identified in workshops led by consultants who specialise in sustainability reporting. Based on a further assessment, the prioritising, principles and boundaries used in this report as well as the key stakeholder groups were confirmed by the steering group for sustainability reporting. The steering group consists of three members from Orion's Executive Management Board (i.e., Senior Vice President, Corporate Functions, Senior Vice President, Supply Chain, and CFO), Vice President, Quality Assurance, Vice President, Communications, and the Corporate Responsibility Officer responsible for the report compilation.

In sustainability reporting, Orion follows the GRI guidance, principles, terms, indicators, calculation methods and structure as closely as possible. Orion has chosen the applicable meters and indicators from GRI standard disclosures and supplemented them with calculated and descriptive indicators derived from Orion's operations. These Orion-specific indicators are primarily related to product quality and product/patient safety.

Emphasis is on responsibility for the product and the patient, and well-being at workplace

Orion considers product responsibility a primary concern among all the aspects of corporate responsibility. As a manufacturer of pharmaceutical and diagnostic products, Orion emphasises its responsibility for product safety. Responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. Product safety is linked to all activities starting from research and development. The responsibility of the manufacturer and the principal of the manufacturer for the safety, quality and uncompromised compliance with requirements covers all the phases and functions of research and development, the Supply Chain organisation as well as marketing and communication. Orion's basic mission is to build sustained well-being by providing efficient, safe and competitive products for the diagnosis, prevention and treatment of illnesses.

Orion promotes health and quality of life with its products and by providing guidance on the correct and proper use and storing of Orion's products to consumers and healthcare professionals. Complementary education and training provided by the company to healthcare professionals, in particular to doctors and nurses as well as to pharmacy personnel, as well as Orion's support to patient organisations also largely fall in the scope of product responsibility.

Another emphasis of Orion's social responsibility is on the workplace and the company's employees. As a working community of highly educated professionals it is important for Orion to ensure that they are satisfied with Orion, their working conditions, work assignments and the way they are rewarded for good work. Orion wants its employees to feel that they have

opportunities for professional development and that their experience to be doing high quality, rewarding and inspiring work that is important for the society, and that their working community is well managed and safe, and people are equally treated.

Emphasis of environmental responsibility is on materials use and energy

The environmental burden caused by Orion's production plants is relatively low. The processes represent up-to-date technology, and investments are constantly made in process technology and methods to increase the efficiency of use and treatment of chemicals. Orion aims to reach performance levels significantly better than the levels required by the environmental permits.

Key themes in Orion's environmental responsibility include the chemicals and other materials used as raw materials and exipients in the manufacture of pharmaceuticals and active ingredients, as well packaging. Accurate, const-conscious and wise use of materials, energy and water is the key to reduced environmental burden as well as to increased economic value-added.

Energy efficiency is subject to particular monitoring and development in Orion. Projects and activities are underway across the Group to achieve savings, both in energy consumption and costs.

Improvement of waste water treatment is one of the actual development activities in Orion. A lot of water is consumed especially in the cleaning of process equipment. New treatment technologies enable us a better recovery of the substances which do not belong to waste waters.

3.6 Boundary of the report

Orion's sustainability report principally covers Group-wide operations. Measurement data is gathered from each operational location and grouped according to the Group structure. All Orion manufacturing units are located in Finland, which means that the calculation of indicators such as material flows and related responsibilities are based on the processes of Finnish units. The foreign operational units of the Group are primarily marketing or liaison offices that market the pharmaceutical or diagnostic products, mainly in the country they are located in, and almost all of their employees are involved in marketing except for a few employees working in support functions.

Orion provides relevant Group-wide information under the GRI indicators used in reporting. The following organisational groupings are used in the calculations:

Orion Group

Orion Corporation

- Pharmaceutical operations Espoo
- Pharmaceutical operations Turku
- Pharmaceutical operations Kuopio
- Subcontractors for Pharmaceutical operations (when applicable)
- Foreign Orion Pharma and Orion Diagnostica marketing subsidiaries and FinOrion Pharma India Pvt. Ltd. in India

Orion Diagnostica Oy

- Diagnostics operations Espoo
- Diagnostics operations Turku
- Subcontractors for Diagnostics operations (when applicable)

Fermion Oy
 Pilot plant Espoo
 API manufacturing Hanko
 API manufacturing Oulu

3.7 Specific limitations in the scope or boundary of the report

Foreign subsidiaries are not included in environmental performance indicators. Also part of the data showing structural information about employees is limited due to insufficient data for the subsidiaries. Due to the relatively small size of the offices, their impact on the total performance is, however, minor.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations

Certain indicators have been reported with more accurate figures than previously. The report does not include such new items as would affect the comparability of the data reported for the preceding years. A note is given concerning comparability in the context of the data where necessary.

3.9 Data measurement techniques and the bases of calculations

Orion uses the applicable calculation principles of the GRI guidelines in its sustainability reporting. The measurement techniques and calculation methods are described in more detail for some indicators if the method is not otherwise clear or if it deviates from the GRI guidelines.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement

3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report

No material changes have been made to the scope, boundary or measurement methods in comparison with the previous report. The calculation method of actual and theoretical working hours has been changed, however, in such a way that now also the working contribution of persons who have either joined or left the company during the year is taken into account. The proportional data based on these figures, mainly reported under indicator LA7, have been adjusted accordingly for the comparable years 2010 and 2011.

Under indicator EN29, Orion starts reporting carbon dioxide emissions from the business flights of the employees of the Group's Finnish locations. The data is reported as of 2012, with comparative history starting from 2011.

3.12. GRI content index

A comparison with the GRI guidelines and location of the disclosures in the Report is provided as a list of contents, on pages 4–11.

3.13 Policy and current practice with regard to seeking external assurance for the report

No assurance has been sought for this report from external assurance providers.

4. Governance, commitments and engagement

4.1 Governance structure

The governance structure of the Orion Group is described in detail at the corporate website, at www.orion.fi/corporate-governance. Orion Corporation follows the Finnish Corporate Governance Code 2010 for companies listed on NASDAQ OMX Helsinki. However, Orion Corporation deviates from recommendation 22 of the Code concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board.

The Code is available at www.cgfinland.fi.

4.2 Chairman of the Board of Directors

The Chairman of the Board of Directors of Orion Corporation is not an executive officer.

4.3 Independence of the Board of Directors

All Board members are independent of the Company and its significant shareholders in the manner described in recommendation 15 of the Finnish Corporate Governance Code.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

The shareholders exercise their decision-making authority at the General Meeting of the Shareholders. According to Chapter 5, Section 5 of the Finnish Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice.

There is no representative of the employees on the Board of Directors.

A representative of the employees is present at the meetings of the Executive Management Board of the Orion Group. The employees elect their representative for a term of 3 years.

Forums for employee interaction with Group management include the mandatory employer-employee procedures, a semi-annual Group-level consultation meeting and the annual meeting of an international European Works Council. All employees of the Group have access to the Orion Group-wide intranet system, which offers not only daily news flows but also various ways to share information, discuss and network with colleagues.

4.5 Compensation

The remuneration principles and the remuneration of the Board and Group management are described under the Corporate Governance section of the corporate website, at www.orion.fi/management-remuneration. The influence of the company's social and environmental performance on the management remuneration principles has not been determined specifically.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided

Members of the Board of Directors must adhere to the Section on Disqualification of the Finnish Limited Liability Companies Act. Disqualified members must inform the Board meeting before the matter in question is dealt with and must not participate in the consideration of the matter. Names of disqualified members are always recorded in the Minutes of the meeting.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body

The Board of Directors is elected by the Annual General Meeting for a term of one year. The Nomination Committee's task is to prepare and present a recommendation to the Board of Directors concerning the composition and compensation of the Board to be elected by the Annual General Meeting. The committee's recommendations do not, however, obligate the Board of Directors to present its proposals to the AGM in line with the recommendations. The Nomination Committee prepares its recommendations observing the qualification requirements provided in the Companies Act and recommendation 9 of the Finnish Corporate Governance Code.

According to the Companies Act, the following cannot be Members of the Board of Directors: legal persons, minors, persons under guardianship, persons with restricted legal competency and bankrupts. According to the Finnish Corporate Governance Code, the constitution of the Board must be such that it allows the Board to look after its responsibilities effectively. The constitution must also be considerate of the needs of the company and its current stage of development. The members elected to the Board of Directors must be sufficiently competent and able to assign enough time for taking care of their responsibilities. Both genders must be represented in the Board of Directors.

Members of the Audit Committee must be competent in the responsibility area of the committee, and at least one of the members must have expertise in accounting and bookkeeping or auditing.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

Orion builds well-being with its products and operations. The values of the Group, – Mutual trust and respect, Customer focus, Innovation, Achievement and Quality, reliability and safety – unite Orion employees in the supply of products that promote well-being and health.

The values are the corner stone. In addition to them, every Orion employee is committed to following the ethical standards and business practices determined in the Code of Conduct. They are the basic rules the employees observe in interactions with each other and the stakeholders

of the company, and with society and environment. The Code is available at www.orion.fi/code-of-conduct.

4.9 Procedures of the Board of Directors for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles

The Board of Directors monitors Orion's economic, social and environmental performance according to the same principles as other performance areas of the Group, which include the Group's risk management policy and insurance policy, among other things.

4.10 Processes for evaluating the Board of Directors' own performance, particularly with respect to economic, environmental, and social performance

The Board of Directors self-evaluates its performance and working methods annually.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation

Risk management constitutes a significant part of the Orion Group's corporate governance and is an integral part of the Company's responsibility structure, operational control principles, and business operations. The aim is by all applicable means to identify, measure and manage the risks that might threaten the Company's operations and the achievement of the objectives set for the Company, as well as to improve ability to acknowledge such known risks which cannot be completely eliminated.

Risk management is not a separate function but embedded as a natural and normal process within day-to-day business and management.

Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches. Details on Orion's risk management are presented on the website at www.orion.fi/risk-management.

4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses

Orion is a member of the international Responsible Care programme, which is a voluntary environment, health and safety initiative of the chemical industry. The objective of the programme is to promote operations that are in line with sustainable development, from both the social and environmental points of view. All participating companies are committed to developing their products and operations in a way that increases social well-being. The programme has participants from over 50 countries. Finnish companies' membership in Responsible Care is coordinated by Chemical Industry Finland which reports on the performance on an annual basis at <http://www.chemind.fi/responsiblecare>.

Orion is also a member of the Energy Efficiency Programme launched by the Confederation of Finnish Industries, EK. Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels.

Energy conservation achievements based on compromised quality of production or working conditions are not acceptable.

4.13 Memberships in associations and/or national/international advocacy organisations

The following industry associations and advocacy organisations are relevant to the Group, and Orion Corporation and/or its subsidiaries are members thereof:

- Chemical Industry Federation of Finland / Confederation of Finnish Industries, EK
- EFPIA, European Federation of Pharmaceutical Industry Associations
- Helsinki Region Chamber of Commerce
- Turku Chamber of Commerce
- Environmental Register of Packaging PYR Ltd
- Finpro ry
- Association for Finnish Work
- Excellence Finland
- Sailab ry and its national sister organisations in countries where Orion Diagnostica has presence
- EDMA, European Diagnostic Manufacturing Association

4.14 List of stakeholder groups engaged by the organisation and

4.15 Basis for identification and selection of stakeholders

Multiple stakeholder groups being in interaction with Orion and its representatives are both affected by Orion's activities and can affect Orion's performance and operating conditions, directly or indirectly.



The stakeholders relevant in view of Orion's corporate responsibility have been determined in workshops by the specialist employees engaged in the reporting of sustainability at Orion. The list of stakeholders has been confirmed by the steering group for sustainability reporting, consisting of Group-level executives. Assessment criteria included reasonable expectations of stakeholder groups and their importance in relation to Orion's business operations as a whole.

Stakeholder groups which are important to Orion's business and to which Orion's corporate responsibility issues can be supposed to be of particular interest:

- Patients and consumers
- Orion employees
- Healthcare authorities
- Marketing and research partners
- Contract manufacturing principals
- Shareholders
- Customers (doctors, nursing staff, pharmacies, clinics, laboratories, research institutes, decision-makers in procurement organisations)
- Suppliers of goods and services
- Patient organisations, civic organisations
- Media, forums in social media
- Helsinki Stock Exchange and the Financial Supervisory Authority (FIN-FSA)
- Investors: financial entities, analysts, portfolio managers, investment advisors
- Job applicants, students, educational institutions
- Competition authorities
- Environmental authorities
- Other authorities

- Banks and insurance companies
- Neighbours

4.16 Approaches to stakeholder engagement

Orion engages with its stakeholder groups in various ways. Orion has not established engagement mechanisms focusing specifically on economic, social or environmental sustainability.

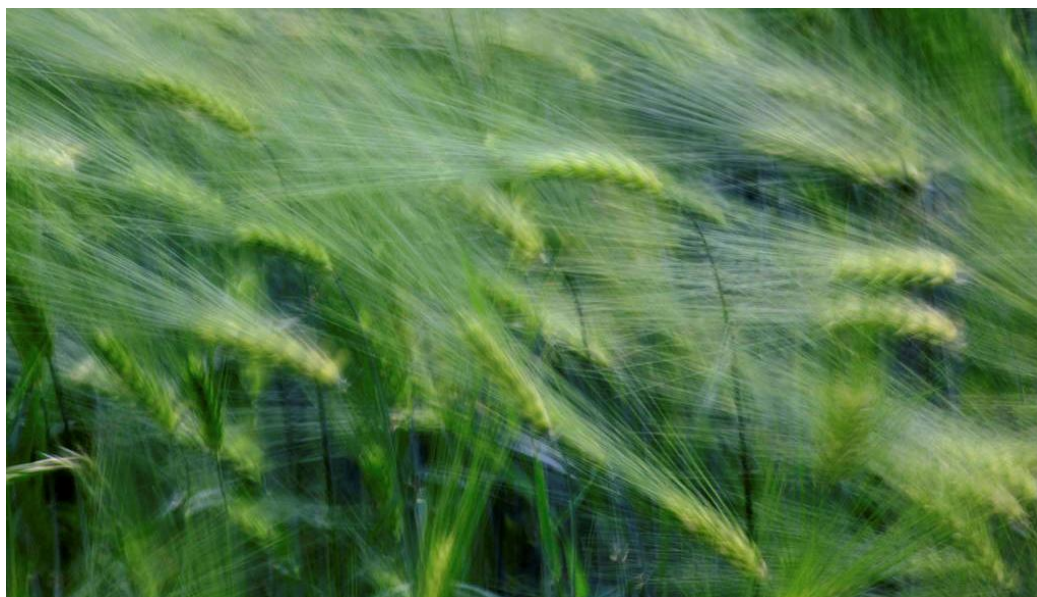
Orion prefers transparent and interactive communication. The regulations and requirements concerning communications of listed companies set provisions for Orion's communication activities. External communication consists of communication to and with customers, partners, capital markets, shareholders, decision makers, media and the general public. Web-based services are increasingly utilised and offered by Orion, such as the annual report, internet and extranet websites dealing with specific therapeutic themes, electronic publications and extranet websites to professional customers, and services and thematic websites for consumers. Orion develops its communication activities towards increased interaction, engaging and attracting stakeholders into discussion with the company. Several Facebook websites are maintained for different target groups.

5. Disclosure on Management Approach, DMA

The management approaches (DMA) are described separately for each indicator category alongside the performance indicators. In this document, they are located on the following pages:

Management approach of Economic Responsibility	p. 28–29
Management approach of Environmental Responsibility	p. 33–37
Management approach of Labour Practices and Decent Work	p. 55–63
Management approach of Human Rights	p. 77–79
Management approach of Society Performance	p. 81–82
Management approach of Product Responsibility	p. 85–89

6. Performance indicators



EC – Economic Responsibility

Management approach of Economic Responsibility (DMA EC)

Orion's economic responsibility consists of producing economic value added for both shareholders and other stakeholders, such as personnel, customers and suppliers of goods and services. To this end, we develop our operations systematically, utilise our resources efficiently and manage risks. Corporate governance is also part of the economic responsibility of a public company, as well as open and regular communication about the development of our financial performance and the factors affecting it.

A good financial result is necessary to enable the Group to attend to also the other areas of corporate responsibility as a corporate citizen and ensure sustained operational continuity in the future. The better we manage our finances and are able to provide employment, the more society will benefit from Orion's economic added value.

Most of the key figures related to economic responsibility are presented in Orion's consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS). The corporate responsibility report refers to the statements without repeating the figures. We will present some key figures in accordance to the recommendations of the Global Reporting Initiative (GRI) here. The financial statements also provide information on Orion's current economic objectives and dividend policy.

Management of economic responsibility follows the general guidelines established in Orion's Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. More detailed descriptions of Orion's corporate governance principles, risk management and internal control,

are presented in Orion's regular financial statements and under the Orion section of the corporate internet website, at www.orion.fi/corporate-governance-en.

Goals and performance

Orion aims for ensuring the Group's financial stability and profitable growth. Continued investment in the development of the product portfolio is required in order to increase net sales. To Orion, financial stability means an operating profit that exceeds 20% of net sales and an equity ratio of at least 50%. In the challenging economic situation and the changes that have taken place in the business environment over the recent years, the Orion Group has been able to grow steadily, operate profitably and pay good dividends to the shareholders.

Orion's net sales for 2012 grew by 6.8% and operating profit decreased by 0.7% from those of 2011. Operating profit for 2012 was EUR 281 million (283 million for 2011), return on capital employed before taxes was 46.2% (49.4%). EUR 1.30 per share were paid in dividends, representing 87.8% (87.2%) of earnings per share. Of the good and stable financial result, Orion has paid the taxes due, regularly and on time. The Group has also always taken care of its pension commitments in full. In the comparison of financial performance, Orion has been ranked among the best of the Finnish listed companies year after year.

Sustained economic success requires a continuous ability to ensure competitiveness and cost-effectiveness with the right strategy decisions and enhancement of procedures and the product portfolio. Orion's growth is based on a competitive diagnostic and pharmaceutical product portfolio, which the Group builds by actively developing new products in both Orion's own R&D organisation and through wide-ranging cooperation with external parties. In 2012, Orion's R&D expenses totalled EUR 104.8 (87.5) million, representing almost 11% of its net sales.

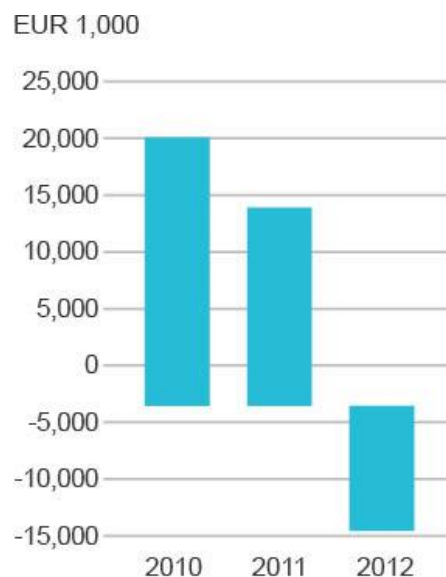
Orion's shareholder base is quite diverse. There have not been any major changes in the ownership structure. The clearly largest shareholder group consists of private Finnish individuals. Detailed information on the shareholder base is presented and updated on a monthly basis in the "Investors" section of Orion's website.

As a public listed company, Orion fulfils its disclosure obligations diligently. The Group also actively develops its corporate communications, and aims to utilise different communication channels and tools in a versatile yet purposeful manner. Orion focuses on the good quality contents of its financial statements and website to provide capital markets and shareholders with up-to-date information about the Group's operations and performance. Orion also organises regular meetings with investors in various locations in Finland and abroad. A calendar for investors is accessible under the "Investors" section of the corporate website containing both past and up-coming investor events and roadshows.

Indicators of Orion's economic performance

EC1 Economic value added generated and distributed to stakeholders

EUR million	2010	2011	2012
Revenues	849.9	917.9	980.4
Operating costs	426.5	451.9	493.6
Employee wages and benefits	170.3	186.0	212.1
Payments to government (gross taxes and royalties)	68.0	72.4	70.4
Payments to providers of capital	164.2	192.1	213.6
Community investments	0.2	0.2	0.3
Economic value retained	+20.7	+15.3	- 9.6



Orion takes care of its economic obligations towards personnel, partners, owners and the society. The company is proactive towards this responsibility, with an aim to identify and manage the risks related to the operations and their further development in the best possible way.

Orion aims to ensure the economic sustainability of its operations over the coming years. The company has set objectives for profit development and financial position to ensure economic stability, create a solid foundation for long-term profitable growth and enable operations and profitability even in economically challenging times.

Orion is a company whose products are of significant social importance. Orion offers its employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and offers a fair compensation and good employee benefits in return. The Orion Group employs 3,490 people of whom 2,780 work in facilities in Finland. Orion is one of the largest private employers in Espoo, Turku and Hanko. Approximately 700 employees are working in the foreign subsidiaries and representative offices, mostly in marketing and sales operations.

Orion employees pay national and regional taxes based on the salaries they receive from Orion. As a profitable company, Orion is a major tax payer: in 2012, the Group paid over EUR 70 (72) million in income taxes.

Orion partners with goods and service suppliers who share the responsibility values of Orion. Invoices for deliveries that meet the agreed terms are paid by Orion according to the agreed schedule. Correspondingly, Orion aims to minimise its own overdue trade receivables.

As a stock exchange listed company, Orion is expected to generate added economic value for its shareholders. According to its dividend policy, Orion takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long

term to achieve the financial objectives. Orion has been a stable dividend payer and has during the past years paid dividends with an average payout ratio of about 90 per cent of the total annual earnings attributable to the owners.

EC3 Coverage of the Group's pension obligations

The Group has pension plans in accordance with each country's local regulations and practices. The Group has both defined contribution and defined benefit plans. In the defined contribution plans, the Group pays fixed contributions to separate entities, such as pension insurance companies in Finland, who manage the pensions. The Group has no legal or constructive obligations to pay further contributions if the recipient of the contribution is unable to pay the employee benefits. The Group's most important defined benefit pension plans are in Finland, where statutory insurance under the Employees' Pensions Act (TyEL) has been arranged through the Orion Pension Fund for the Group's clerical employees and supplementary pension security for some of the clerical employees. In addition, the Group management has defined benefit pension plans taken out with life insurance companies.

The Group's pension obligations are listed under Note 12 "Pension assets and pension liabilities" of Orion Financial Statements 2012. At the end of 2012, the Group's pension obligations totalled EUR 225.0 (222.4) million. At the end of 2012, the Group had a pension asset of EUR 39.6 (37.4) million from the Pension Fund and a liability of EUR 0.3 (0.5) million to other units.

Note 12 of the Financial Statements 2012 is accessible at <http://ar2012.orion.fi/en/financial-statements/consolidated-financial-statements-%28ifrs%29/notes-to-the-consolidated-financial-statements/12.-pension-assets-and-pension-liabilities>.

EC4 Significant financial assistance received from government

EUR million	2010	2011	2012
In Finland	1.5	1.2	0.9

Orion has received funding for its development projects from the Finnish Funding Agency for Technology and Innovation (Tekes). Tekes grants funding to Finnish companies and institutions to promote research, development and innovation as well as to share related risks.

The figures reported in EC4 are based on the Annual reviews of Tekes, and they contain both direct cash funding and project-specific loans. The annual reviews are available at <http://www.tekes.fi/en/community/Annual%20review/341/Annual%20review/1289>.

Summaries of the projects receiving Tekes funding are available at www.tekes.fi. Funding was received by Orion for prognostic models and technologies for accelerating pharmaceutical R&D processes as well as new ways of drug administration. In the Tekes project lists, the currently ongoing projects are identified under the names *Uudet biologiset hoitomuodot*, *Building up translational medicine framework-tools and workflows*, *IMproved PArenteral Depots*, *Uudet ennustavat tautimallit palvelemaan uusien syöpälääkkeiden kehitystä* (ended in 2012) and *Solubility and Permeability Enhancing Technologies* (ended in 2012). For these projects, Orion received a total of EUR 773,023 in direct funding.

In addition, Orion Corporation and Orion Diagnostica Oy received EUR 175,715 direct funding from Tekes for research projects which are being conducted in consortiums administrated by SalWe Ltd., a non-profit company and Strategic Centre for Science, Technology and Innovation in Health and Well-being. Orion Diagnostica is a member in the *Intelligent Monitoring (IMO)* programme, which combines the diagnostic in vitro and in vivo measurement and the handling of medicinal health information. The goal of this SalWe coordinated program is to develop innovative, intelligent and cost-efficient tools providing individual persons or healthcare professionals improved means for the benefit of individual well-being and health.

Orion Corporation is a consortium member in the Mind and Body programme, the goal of which is to establish strategic knowhow and new solutions for improved management of obesity and brain disorders

Information about SalWe Ltd is accessible at <http://www.salwe.org>.

EC own, Donations

In 2012, Orion supported purposes of public interest with donations of approximately EUR 242,200 (150,000). The main focus areas of the Group's support include medical research, patient organisations and other associations promoting healthcare, defence and veterans, children and youth, education and culture.

At Group level, the prioritised charitable organisation receiving financial support from Orion is *Plan*, which works to improve the living circumstances and quality of life of children in developing countries. As a corporate partner and sponsor of Plan, Orion supports early childhood education of children in the state of Timor-Leste (East Timor) in Asia. Information about the collaboration is provided at www.orion.fi/plan-collaboration.

Information about Orion's *collaboration with patient organisations* is provided in the Sustainability section of the Group's website, directly accessible at www.orion.fi/patient-organisation-collaboration.



EN – Environmental Responsibility

Management approach of Environmental Responsibility (DMA EN)

Goals and performance

The importance of considering the company's environmental impacts in the management, control and development of operations is emphasised in the Orion Group's safety policy. The policy requires that the environmental impacts of decisions and solutions are identified and that operations are developed to preserve biodiversity and that procedures for managing accidents are established.

The minimum levels set in legislation, regulations and the environmental permits are usually not satisfactory targets for Orion in the management of environmental responsibility. A higher target for the performance can often prove more meaningful than the minimum level, also in terms of economy.

In 2011, Orion started to establish a systematic and goal-oriented environmental management system based on the principles of the ISO 14001 environmental standard. The new approach first encompasses the pharmaceutical preparations business – the units under the auxiliary business name Orion Pharma – and the Group's head office functions. In Orion's Sustainability Reports, these units constitute the reporting unit 'Orion Corporation'. Corresponding environmental management systems will be defined for Fermion and Orion Diagnostica at a later stage. In the project so far we have conducted an in-depth analysis of the environmental aspects of the pharmaceutical preparations business and identified the ones to be prioritised for development activities. The project is progressing largely on the basis of them.

In April 2012, Orion's management confirmed an environmental policy for Orion which as a Group-level commitment determines how all units and organisations belonging to the Group promote the well-being of the environment.

Environmental Policy of the Orion Group

Orion is committed to proactively reducing and preventing harmful environmental effects caused by its operations, products and services.

The most significant environmental impacts of Orion's operations arise from the use of materials, energy and water. The emphasis of environmental management is on the efficiency of materials and energy use, waste water and the procedures for selecting and managing suppliers and partners.

Orion adheres to applicable environmental legislation and other regulatory requirements concerning its operations. Orion applies such methods and practices in its operations, organizations and processes as promote ecological efficiency, and develops them in line with targets.

Committed to continuous development and improvement, Orion assesses the fulfillment of its environmental commitments, prioritizes matters to be developed, sets targets and objectives, and follows up on the progress of actions.

Orion promotes its employees' awareness of the company's environmental matters through training and communications to engage the Orion community to act in accordance with the company's environmental principles, objectives and programs. Orion also expects high environmental standards from its partners.

Orion informs its stakeholders about the progress of its environmental performance mainly in the company's sustainability reports.

Espoo, 13 April 2012

*Timo Lappalainen
President and CEO
Orion Corporation*

Focus areas in Orion's environmental activities

The most important objects of attention in the management of Orion's environmental affairs are the chemicals used in the manufacturing processes and laboratories, consumption of energy and water, waste resulting from the operations, emissions into air, water and soil, as well as materials and energy efficiency.

Waste in all forms is an important object for Orion in the efforts to reduce the company's environmental burden. Orion's objectives are aligned with the priority targets specified in the EU-level waste strategy, which are included in the new Waste Act which entered into force in May 2012. These priorities include avoiding the production of waste and recycling the produced waste materials. If waste cannot be re-used as material, it must be used in another way whenever possible, such as for energy. The amount of landfill waste is to be minimised.

Waste is in a direct relationship with the efficiency of materials use. Materials efficiency is affected by a complex combination of a variety of factors. In simplified terms it means a high output in proportion to the input resources – *more with less*. In the manufacture of pharmaceuticals, the tolerance of errors and defects is zero. A batch which fails to meet the specified requirements concerning quality and standard operating procedures, is hazardous

waste, and all input resources – materials, energy, time and labour – consumed for its production are lost.

The operations of Orion's manufacturing facilities for pharmaceutical preparations and active pharmaceutical ingredients require environmental permissions as specified in the Environmental Protection Decree of Finland. The environmental regulations and permissions are location-specific. They provide the acceptable maximum levels for emissions into air, soil and water as well as the methods and scopes for the measurement, monitoring and reporting the items detailed in the permission.

Procedures

Orion monitors the environmental impacts of its operations by, for example, measuring and calculating the volumes of chemicals, solvents and other substances, water and energy consumed and emissions to water and air as well as keeping track of waste and recording waste statistics. Investments are made at every operational site on an annual basis, both with the primary purpose to reduce environmental burden and as part of major upgradings and replacement investments implemented in accordance with the company's long-term investment plans. Regularly made risk assessments also give guidance for the planning and implementation of investments and other measures to reduce environmental impacts.

The manufacturing processes of pharmaceutical products, active pharmaceutical ingredients and diagnostics products differ very much from each other, and accordingly, they also generate emissions and waste differently both in terms of amounts and type. Most of Orion's total waste is hazardous, and most of it comes from active pharmaceutical ingredients (API) processes, and to some extent also from the manufacture of pharmaceutical products. The reason for the large volumes is the fact that all such materials which contain or may contain active pharmaceutical ingredients or other chemical substances classified as hazardous shall be treated as hazardous. Fermion, which produces APIs by means of synthetic methods of organic chemistry, handles great volumes of raw materials at its plants in Hanko and Oulu and generates most of the Orion Group's total hazardous waste. The waste from Orion's manufacturing plants for pharmaceutical and diagnostics products in Espoo, Turku and Kuopio is mostly non-hazardous and most of it can be re-used. The proportions of hazardous waste and landfill waste are low.

Fermion accounts for more than 90% of the total solvents used by the Orion Group. The volatile organic compound (VOC) emissions from the solvents are under efficient control today, thanks to combustion technologies above all, but also process engineering solutions which have reduced the need of using solvents.

The primary objectives of pharmaceutical research for developing both new drugs and generics include not only clinically efficacious and safe drugs, but also quality and reliability. The methods applied in pharmaceutical R&D are mainly directed by the regulations of drug and health authorities. Their main purpose in turn is first and foremost to ensure that the applied research method yields as reliable a result as possible. Whenever possible, the most environmentally friendly option is selected.

Organisational responsibility

The management responsibilities of environmental affairs are allocated according to the operational structure of the Group. This means that the managers of each business division and line function are primarily responsible for the management of their respective environmental affairs. The focus areas and practices are mainly determined by the nature of operation of each division and function, relevant authority regulations and legislation and environmental risks related to the operation in question.

Business divisions and line functions are responsible for identifying the main environmental impacts of their operation and to develop their operations and activities in an environmentally friendly manner. They also draft division and location specific procedures for environmental damage and accidents, document the main tasks and activities that have an impact on environmental safety and issue guidelines for them as well as draft and maintain operating procedures for the collecting, processing and archiving of information related to environmental safety.

Each Orion employee is responsible for operating according to environmental principles in their daily work.

Training and awareness

Orion organises training to maintain and develop the personnel's awareness of environmental affairs and to encourage the personnel's commitment to Orion's environmental objectives. Aspects of environmental protection are included in training programs when appropriate and possible.

Supervisors have a special responsibility for ensuring that the personnel and new employees receive sufficient training on the safety procedures and environmental matters of the department and division.

Responsible Care programme and the Energy Efficiency Programme of the Confederation of Finnish Industries

Orion is a member of the chemical industry's global voluntary initiative *Responsible Care*, under which companies work together to continuously improve their health, safety and environmental performance. Details about the programme are available at <http://www.chemind.fi/responsiblecare>.

Orion is also committed to the *Energy Efficiency Programme* launched by the Confederation of Finnish Industries, EK. Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Compromised quality of production or working conditions are not acceptable ways of reaching the goals of the program. The Energy Efficiency Programme is part of Finland's involvements in the 'Europe 2020' programme of the European Commission.

Orion is promoting its energy efficiency in accordance with action plans and goals set for each operational site. In general, the most challenging goals are those relating to electricity consumption, whereas those concerning heating energy are achievable more easily.

Orion's activities in adoption of REACH and CLP legislation

Fermion is the part of the Orion Group that is subject to the provisions of the *REACH Regulation concerning Registration, Evaluation, Authorisation and Restriction of Chemicals* which require Fermion to register all solvents and intermediate products imported or produced by the company in amounts of at least one tonne per year. All chemicals covered by the REACH legislation must be registered by the end of May 2018. Fermion has already registered many of its substances.

Neither pharmaceutical products or substances used in them, nor diagnostic products are concerned by the requirements of REACH. These product groups are regulated and controlled by healthcare authorities, with special regulatory registration and authorisation procedures.

The renewed classification and labelling of chemicals according to *CLP legislation* (Classification, Labeling and Packaging of Substances and Mixtures) which entered into force in 2009, concerns the entire supply chain of Orion to a considerable extent. The purpose of CLP is to harmonise the classification and labeling system of chemicals within the EU to the principles recommended in the United Nations' GHS (Globally Harmonised System of Classification and Labeling of Chemicals). The idea of the GHS is to use the same principles in the classification and labeling of chemicals worldwide and to harmonise the rules and regulations on the transport, sale and use of chemicals.

The classifications and of all the chemicals manufactured and used by Orion have been re-assessed and renewed, and all substance-specific safety data sheets (SDS) as well as the hazard and precautionary statements have been updated in accordance with CLP.

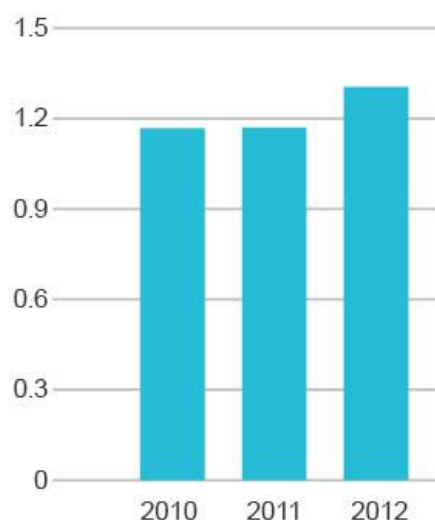
Indicators of Orion's environmental performance

EN own, Total production volumes by type of product

Ton	2010	2011	2012
Tablets	1 211	1 172	1 308
Injection products	62	68	57
Gels and ointments	562	687	746
Liquid preparations	360	476	400
Diagnostic products	600	628	745
Active pharmaceutical ingredients, API	177	196	228

Example:

Tablets, 1,000 ton



The total production volume of the Orion Group can not be converted into a commensurate unit of measure, because the product portfolio consists of various forms of products. Tablets in various forms are the most common pharmaceutical preparations produced. The above table representatively indicates total production volumes of typical product types in tonnes, which have been calculated using calculatory average conversion factors. The primary and secondary packagings of the products are not included in the figures.

Production volumes continued to grow from the previous years' outputs in all major product type groups. In many markets, Orion succeeded to increase sales at a rate higher than the market average. Contract manufacturing of medicines to other pharmaceutical companies has also kept on growing.

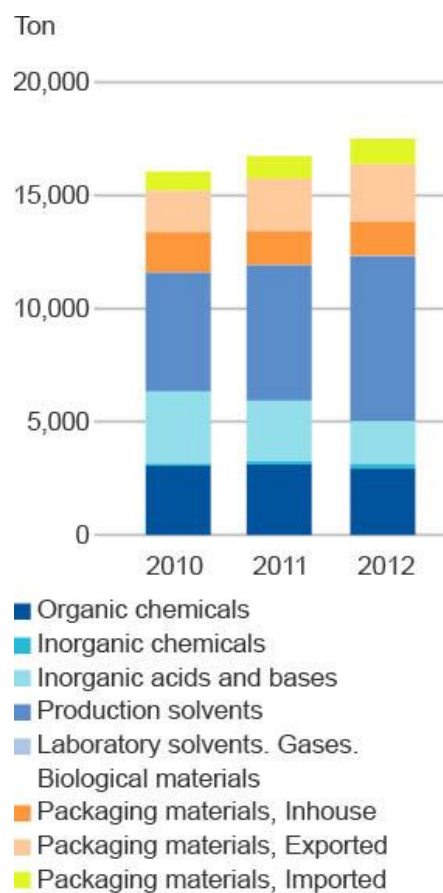
The high utilisation of the manufacturing capacity has led to considerable changes in Orion's supply chain functions. Many departments have permanently adopted multiple shift work, and more employees have been recruited to production and quality assurance. Naturally, also the consumption of materials and other resources has also increased along with the higher outputs and longer up-times. Additional operational space as well as consequent rearrangements in operations has become necessary. As one of the solutions for this, Orion is establishing a packaging and logistics centre in Salo, about halfway between Espoo and Turku, starting operations gradually as of 2013.

Like all pharmaceutical manufacturers, also Orion utilises its capacity and resources efficiently, having part of its own products manufactured by sub contractors. It is not economically feasible to establish and maintain in house manufacturing technologies for all the numerous different types of products. In the manner of other fields of industry, the pharmaceutical industry also collaborates in networks globally.

Materials

EN1 Materials use, total materials

Ton	2010	2011	2012
Organic chemicals	3 037	3 091	2 931
Inorganic chemicals	100	145	180
Inorganic acids and bases	3 204	2 692	1 897
Production solvents	5 222	5 947	7 268
Laboratory solvents	14	13	22
Gases	5	4	11
Biological materials	6	4	6
Packaging materials, inhouse	1 771	1 501	1 502
Packaging materials, exported	1 827	2 318	2 535
Packaging materials, imported	847	990	1 137
Materials use total	16 035	16 705	17 489

**EN2 Percentage of recycled input materials of total materials used**

	2010	2011	2012
Regenerated solvents, ton	2 187	2 714	2 899
Share of total materials use, %	14%	16%	17%

The above indicators of materials use include the substances and materials used by the supply chains for pharmaceuticals, active pharmaceutical ingredients and diagnostic tests (manufacturing, storage and transport to wholesalers) and part of the materials used in R&D. Materials use is primarily dependent on production volumes of finished products but it is also affected by manufacturing process improvements and the amount of semi-finished products and intermediates delivered by external suppliers.

Fermion, which manufactures active pharmaceutical ingredients in chemical processes, accounted for 90% of the Group's total use of manufacturing raw materials in 2012.

Orion Corporation, respectively, consumed an almost as high proportion, 87%, of all packaging materials in the Group, whereas Fermion's proportion was only a scarce 1%.

Pharmaceutical manufacturing operations consumed 58% of the total organic chemicals, the remaining 42% were used by Fermion.

Inorganic acids and bases are mainly industrial detergents used for the cleaning of the production lines and equipment. Fermion's share of their consumption was preeminent, about

95%. In 2012 however, the total consumption of these chemicals decreased by about 30%, in consequence of outsourcing one process phase.

Solvents play an important role in Fermion's chemical processes, and they account a big part of Fermion's total materials use, close to 70%. In the production of pharmaceutical preparations their current use is gradually increasing, and they accounted for about 4% of the Group's total solvent consumption in 2012. In Espoo, the main solvent is ethanol, and most of it is used in tablet coating processes and in the production of tablet masses. The Turku plant also uses mostly ethanol, and some tonnes of isopropanol. The consumption of both solvents has grown, especially along with the increasing production volumes of new hormonal products. Process technical solutions are being sought, however, to reduce the need of solvents.

Regenerated solvents, reported above in EN2, comprise the only relevant re-usable materials in the Orion Group. Solvents are regenerated and re-used by Fermion, and they play a significant role in its materials economy. Both the Hanko and Oulu plants of Fermion retain part of their solvents and regenerate them in their distilleries. The Oulu plant re-uses the regenerated solvents in its production processes, whereas in Hanko, part of the distillate is used as fuel in the plant's VOC combustion facility and thereby as an energy source of API processes. In 2012, regenerated solvents accounted for 42% of Fermion's total solvent consumption.

Orion's capability to recycle consumed auxiliary and excess materials in the manufacturing processes is limited in practice to those solvents, due to strict requirements concerning the quality, composition and purity of the materials used in the supply chain of medicines. The purity and safety requirements also involve packaging. Usable materials which certainly do not contain residues of active ingredients are delivered by Orion for recycling elsewhere.

Packaging materials

Ton	2010	2011	2012
Corrugated card-board packaging	293	327	373
Wooden packaging	182	381	413
Plastic packaging	1 938	2 021	2 324
Paper fibre-based consumer packaging /wrapping	1 081	1 206	1 181
Glass packaging	775	711	716
Aluminium packaging	115	97	106
Other packaging materials	68	62	61
Packaging materials total	4 446	4 805	5 174

The materials used for different types of packaging accounted for almost 30% of Orion's total material consumption in 2012. The most commonly used packaging materials include plastic, glass, board, corrugated cardboard and aluminium. Plastic and glass are most often used as primary packaging materials, which come into direct contact with the medicine. Board and corrugated cardboard are most often used as secondary packaging materials which encase the primary package. Aluminium is used most in blister packages. It is also used in the collars of

injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler® inhalator in its retail package.

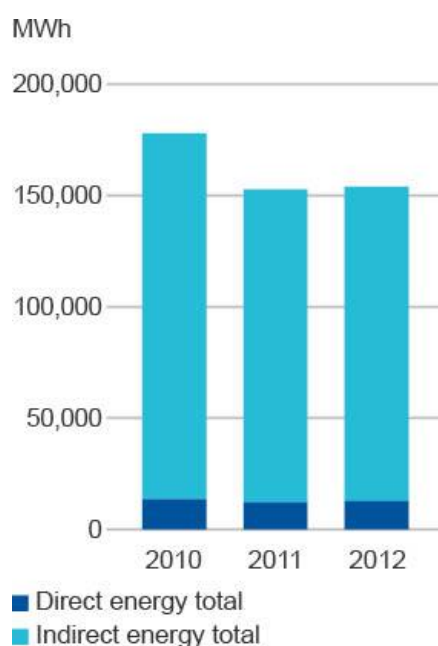
A high proportion of the packaging materials waste generated in the warehousing and packaging stages is uptaken for re-use and delivered for recycling. Practically no landfill waste containing packaging materials is generated by the company's internal functions, thanks to the efficient and comprehensive municipal waste collection, handling and recycling infrastructure of Finland.

The quality requirements concerning packaging of pharmaceuticals are determined in the European, US and Japanese pharmacopoeias, among others. Guidelines are provided by the European Medicines Agency EMA, the US Food and Drug Administration, FDA, and the International Committee of Harmonisation, ICH.

Energy

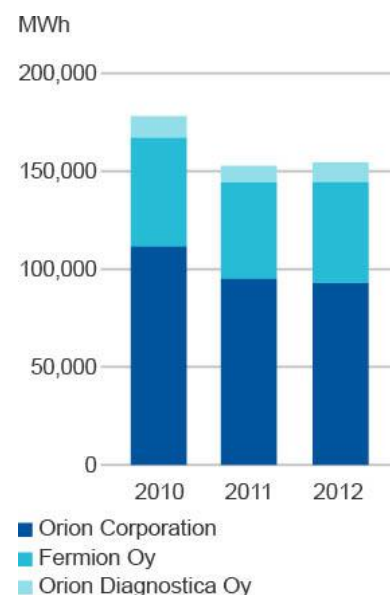
EN3 and EN4 Direct and indirect energy consumption by primary energy source, MWh

MWh	2010	2011	2012
Heavy fuel oil	13 000	11 400	11 900
Light fuel oil	488	622	702
Direct energy total	13 488	12 022	12 602
District heat	57 450	41 581	45 516
Steam	34 930	29 680	32 218
Electricity	72 240	69 537	64 245
Indirect energy total	164 620	140 798	141 979
Energy total	178 108	152 820	154 581



Total energy consumption by reporting organisational unit 2010–2012

	MWh	Share	MWh	Share	MWh	Share
	2010	2010	2011	2011	2012	2012
Orion Corporation	111 438	63%	95 072	62%	92 912	60.1%
Fermion Oy	55 580	31%	48 790	32%	51 806	33.5%
Orion Diagnostica Oy	11 090	6%	8 958	6%	9 864	6.4%
Total	178 108	100%	152 820	100%	154 581	100%



Energy consumption in the reporting organisational units by type of energy and their proportion of the Group's total energy consumption in 2012

MWh	Orion Corporation	Share	Fermion Oy	Share	Orion Diagn. Oy	Share	Group total
Heavy fuel oil	11 900	100%	0		0		11 900 100%
Light fuel oil	702	100%	0		0		702 100%
<i>Direct total</i>	<i>12 602</i>	<i>100%</i>	<i>0</i>		<i>0</i>		<i>12 602 100%</i>
District heat	37 590	80%	2 306	5%	5 620	15%	45 516 100%
Electricity	39 820	62%	20 182	31%	4 244	7%	64 245 100%
Steam	2 900	9%	29 318	89%	0		32 218 100%
<i>Indirect total</i>	<i>80 310</i>	<i>56%</i>	<i>51 806</i>	<i>35%</i>	<i>9 864</i>	<i>8%</i>	<i>146 113 100%</i>
Total	92 912	62%	51 806	33%	9 864	5%	154 581 100%

The energy consumption reported above includes the operational sites of the Orion Group in Finland. The Group has no production plants outside Finland. The foreign marketing organisations work in rented office premises and reliable information about their heating energy and electricity consumption can not be collected.

Despite the increased production activity and uptimes at Orion's all Finnish locations, total energy consumption in 2012 remained at approximately the same level as in 2011, growth just a slight 1%. Consumption of district heat energy grew by about 9% and steam by about 8%, whereas electricity consumption decreased further, now by almost 8%.

Electricity consumption accounted for 42% of the total energy. In Fermion and Orion Diagnostica it remained approximately at the previous year's level, so the decrease came from the operations included in Orion Corporation. Operations in Espoo, Turku and Kuopio accounted for about 66% of the Group's total electricity consumption, the remaining one-third was consumed by Fermion in Hanko and Oulu. Since 2011, all electricity to Orion's Finnish locations is procured from Energia Myynti Suomi Oy. The proportion of different sources of energy used for the generation of the purchased electricity follows the breakdown reported by NordPool for electricity supplied in the Nordic area. Fermion today receives most of its heating energy from facilities located adjacent to the plants. In Hanko, heating energy is uptaken from the VOC combustion plant into the production processes, whereas the Oulu plant receives its steam from Fortum's boiler facility using wood chip and peat, and heavy oil as auxiliary fuel.

Direct energy, which represents about 8 % of the Group's total energy, is mainly steam generated by the boiler facility adjacent to Orion's manufacturing facilities in Espoo, which uses heavy fuel oil. The much smaller pharmaceutical plant in Kuopio has its own steam boiler which uses light fuel oil.



EN5 Energy saved due to conservation and efficiency improvements, and

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

Efforts and activities to improve energy efficiency were actively undertaken at all locations of the Orion Group. Most of them were improvements in steam and condensate systems, air conditioning, heat recovery and lighting technology. Potential new opportunities to save energy were also actively explored.

Orion is a member of the Energy Efficiency Programme coordinated by the Confederation of Finnish Industries EK the aim of which is to cut energy consumption by 9% by 2016 from the 2005 level. Commitment to the programme has activated Orion to both fix spots and equipment causing direct loss and waste of energy and to prevent the possibility of unnecessary energy consumption already in the planning phase of constructions. Without the already implemented energy conservation investments, the production operations would, undoubtedly, consume considerably more energy than today, observing the higher uptimes at all sites and the transition from single shifts to multiple work shifts in an increasing number of functions.

Fermion is the most energy intensive of Orion's operations. Its share of the Group's net sales is 6% but one-third of the total energy consumption. Fermion's reactors and distillators in Hanko and Oulu work non-stop and produce increasing volumes. The Hanko plant has succeeded to

reduce its electricity and heat energy consumption by a total of around 4,400 MWh from 2010, despite constantly grown outputs of both APIs and their intermediates.

The energy efficiency projects have proved notably - in some cases even surprisingly profitable. Payback times turn out to be short, thereby encouraging to search for additional energy efficiency potential and to pick it even in small spots. Every unnecessarily consumed kilowatt means lost euros.

Lighting and electric power for working equipment have been identified by Orion as targets with considerable energy saving potential in the company's office buildings by means of both modern facility control systems technology. Such solutions are, however, best implemented in connection with major facility renovations. Employees working in office buildings may influence a lot in energy consumption by paying attention to lamps and equipment being unnecessarily on. Orion particularly reminded its employees of this and many other possibilities to save electricity in daily campaigns during the Energy Saving Week in Finland October 2012. Every work day of the week, one or two energy saving themes were dealt with in the Group's internal communication channels.

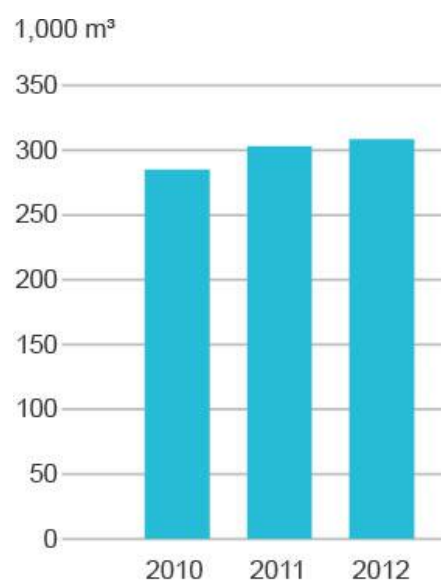
Water

EN8 Total water withdrawal by source

1 000 m ³	2010	2011	2012
Municipal water supply	285	303	309
Water withdrawal and consumption total	285	303	309

Water consumption by reported organisational unit

1 000 m ³	2010	2011	2012
Orion Corporation	165	166	175
Fermion Oy	104	116	114
Orion Diagnostica Oy	16	21	20
Total	285	303	309



All the water consumed by Orion is taken from local municipal water supply systems. Total consumption of water in 2012 rose by about 2% from that of the previous year. There are significant differences in the purposes and volumes of water consumption between the units and locations due to the differing characteristics of their facilities and operations.

Fermion's share of the Group's total water consumption was 37%. Its annual water consumption varies depending on which active ingredients are manufactured in the course of the year as well as on their manufacturing processes. Fermion also uses a lot of water for cooling its processes.

In Orion Corporation, production volumes of medicinal preparations went on increasing, whereby also water consumption increased. In the production departments, considerable amounts of water are consumed in the washing procedures of the production lines and containers. Medicines are manufactured in batches, and all process steps must meet very strict purity requirements throughout the supply chain. To prevent cross contamination, the process equipment, accessories and lines are thoroughly cleaned with water after the completion of all the batches of the product so that no traces of any substances used in the product remain. The more minor batches of different medicines are produced, the more washing must be done.

Water is also used by gas scrubbers, the task of which is to capture evaporated solvents and to decrease emissions of organic compounds (VOC). The scrubbers do their work efficiently but with considerable amounts of water. The new VOC combustion facility built at Orion's Espoo site will take over the job of the gas scrubbers and reduce water consumption for their part.

In finished products, water is a substance in the composition of liquid solutions, such as cough medicines and injections.

Orion Diagnostica showed a slight decrease in water consumption. A lot of water is consumed in the manufacturing phases of the main product, the QuikRead® system for diagnosing infections.

Biodiversity

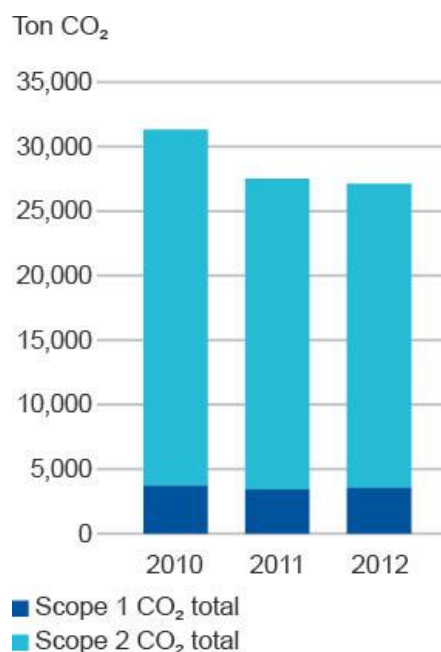
EN11 Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area

Orion does not own or manage any land or real estate which are used in manufacturing and are of high biodiversity value, nor does Orion operate adjacent to any areas classified as such.

Emissions, effluents and waste

EN16 Total direct and indirect CO₂ emissions

Ton CO ₂	2010	2011	2012
Direct energy	3 818	3 400	3 563
Scope 1 CO ₂ total	3 818	3 400	3 563
Indirect energy	27 582	24 309	23 594
Scope 2 CO ₂ total	27 582	24 309	23 594
Direct and indirect CO ₂ emissions total	31 400	27 709	27 157

**CO₂ emissions of indirect energy by energy supplier and by type of energy**

Ton CO ₂	Type of energy	2010	2011	2012
Ekokem VOC Hanko	steam	5 801	5 308	5 195
Energia Myynti Suomi Oy	electricity	-	3 637	2 795
Fortum Espoo	district heat	10 768	7 800	6 689
Adven Oy Hanko	steam	76	19	64
Adven Oy Oulu	steam	3 756	2 007	1 895
Kuopion Energia	district heat	964	755	638
Turku Energia	steam and district heat	6 218	4 782	6 319
CO ₂ emissions of indirect energy total		27 582	24 309	23 594

CO₂ emissions coefficients gCO₂Eq/kWh

Energy supplier	Type of energy	2010	2011	2012
Energia Myynti Suomi Oy	electricity	-	52.3	43.5
Ekokem VOC Hanko	steam	317.0	336.0	323.0
Ekokem VOC Hanko	district heat	-	-	323.0
Fortum Espoo	district heat	270.0	300.0	240.0
Adven Oy Hanko*)	steam	38.0	11.3	25.0
Adven Oy Oulu*)	steam	321.0	223.0	169.2
Kuopion Energia	district heat	410.0	387.0	308.1
Turku Energia	district heat	341.4	269.0	356.6
Turku Energia	steam	349.7	353.0	327.0

*) In 2010 and 2011 Fortum

The CO₂ emissions have been calculated for direct and indirect energy consumption in Orion's Finnish locations. The CO₂ emissions from direct energy consumption were calculated based on the emission factors of the fuels used in the in-house boilers. The CO₂ emissions from indirect energy consumption were calculated based on emission factors provided by energy suppliers.

Although total energy consumption increased in 2012, carbon emissions from energy consumption decreased by about 3% from 2011. Following the increased consumption of steam and district heat, also the corresponding CO₂ emissions increased. CO₂ emissions from electricity consumption decreased, in result of not only clearly lower electricity consumption but also the more favourable combination of the energy sources of the electricity. The coefficients have declined, with the exception of the steam supplied by Adven Oy to Fermion in Hanko and the district heat supplied by Turku Energia to the pharmaceutical plant in Turku.

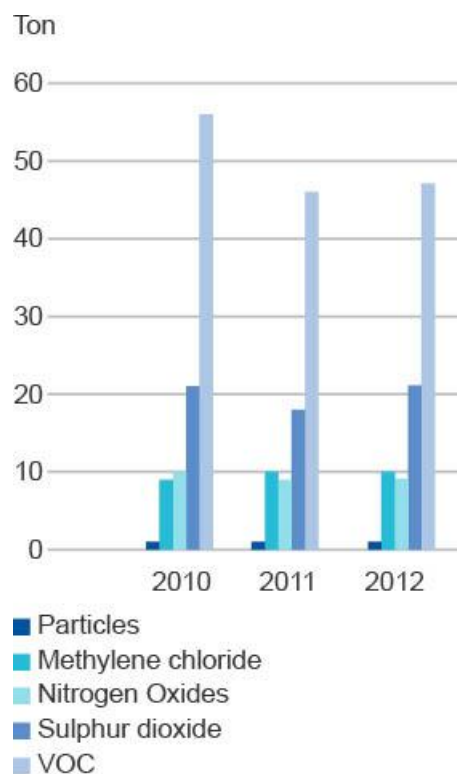
In 2010, all electricity to Orion's sites in Finland was supplied by Fortum Oyj. As that electricity was produced with nuclear power, it was practically carbon neutral. As of the start of 2011, all electricity to Orion's Finnish locations is procured from Energia Myynti Suomi Oy. Of the electricity consumed by Orion in 2012, about 64% was produced using renewable energy, 15% with fossil fuels and/or peat, and 21% with nuclear energy. The CO₂ emissions from the total electricity consumption have been calculated for this Report using the coefficient derived from the fossils energy sources.

Most of the CO₂ emissions from direct energy originate from the boiler plant at the Espoo site, which produces steam using heavy fuel oil. The much smaller steam generating boiler at the pharmaceutical plant in Kuopio uses light fuel oil.



EN20 Emissions to air

Ton	2010	2011	2012
Methylene chloride (DMC)	9	10	10
VOC total	56	46	47
Nitrogen oxides (NO _x /NO ₂)	10	9	9
Sulphur dioxide	21	18	21
Particles	1	1	1



Orion emits comparatively small amounts of harmful substances into the air. Strict emission limits are set in the local environmental permits for Orion's manufacturing plants. Very stringent emission limits apply to dichloromethane (DMC or methylene chloride) and chlorinated hydrocarbons in general. In addition to methylene chloride, also dimethylformamide, N-methylpyrrolidone and perchlorethylene are harmful and also hazardous to health solvents used by Fermion, and they are very difficult to be replaced. Fermion has, however, been successful in getting their emissions under efficient control.

Sulphur dioxide and nitrogen oxides mainly originate from the boiler facility of the Espoo plants, which uses heavy fuel oil. The lower emissions are in line with the decreased oil consumption.

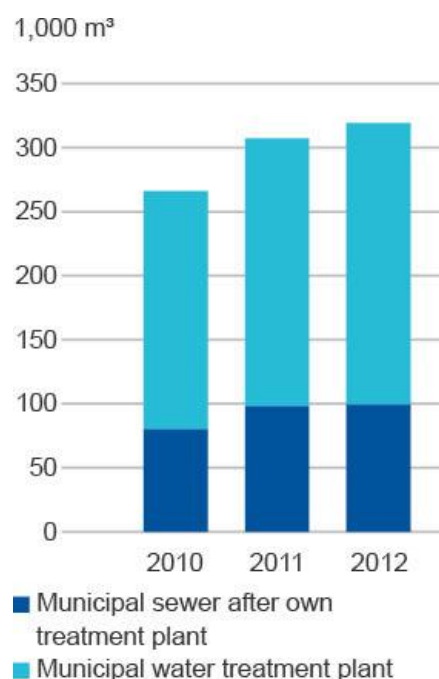
VOC emissions into air have also fallen dramatically from the high levels of 261 tons and 109 tons in 2007 and 2008. Of the total VOC emissions of 2012, about 20 ton came from Fermion Oulu, where the plant's VOC treatment facility has proved to function unsatisfactorily. In early 2013, the catalysts used in the facility were changed, after which the required purity has been achieved. Fermion has, however, started the plans for a new VOC combustion facility to ensure reliable operation.

About one half of the total VOC emissions of the Group were from ethanol which is used as a solvent in the manufacture of tablet masses and in tablet coating processes at the pharmaceutical plants in Espoo and Turku. Orion has significantly reduced the use of organic solvents and aims to reduce it even further. The catalytic VOC combustion facility built in Espoo in 2012 will reduce future VOC emissions in Espoo. A brief description of the facility is provided under indicator EN30.

The reported sulphur dioxide, nitrogen oxides and particles mainly originate from the boiler facility of the Espoo site, which uses heavy fuel oil. The emissions are in line with the oil consumption.

EN21 Total water discharges by way of treatment

1 000 m ³	2010	2011	2012
Via own treatment plant into municipal sewer	80	98	99
Into municipal water treatment plant	206	210	221
Total water discharges	286	308	320



All waste waters are led from Orion's facilities and plants either directly or after neutralisation to municipal water treatment plants, where solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed. No waste water exits directly from Orion to natural waterways.

Solid levels contained in Orion's waste waters are low, whereas the BOD and COD values are higher than the corresponding ones in community waste waters. This is due to the high carbon content of the waste waters, which originates from the ethanol escaping from gas scrubbers into the exiting waters. The new VOC incineration facility will reduce the BOD and COD values in Espoo, but more robust solutions are necessary to improve in-house waste water treatment.

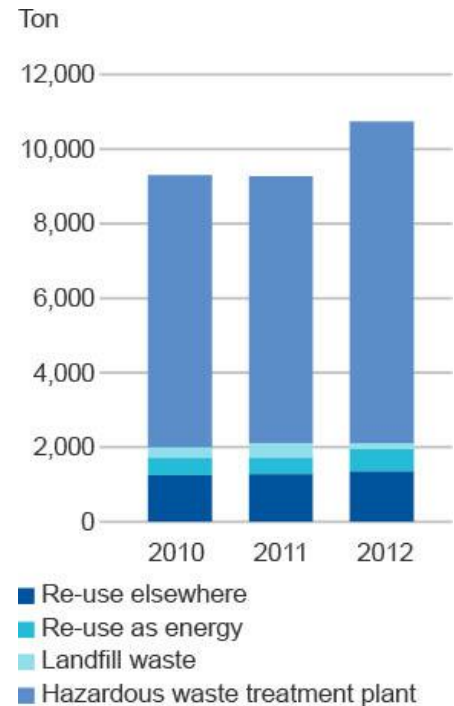
Waste water management is one of the company's priorities on the agenda of environmental affairs development. Orion is exploring technologies applicable to blocking active pharmaceutical ingredients and chemicals used as intermediates and detergents from escaping

into the waste waters arising from the washing and cleaning of the manufacturing lines and equipment.

The exiting waters of Fermion's Hanko plant are first treated in a biological treatment plant from which the treated water is conducted to the sea via the local municipal discharge pipe. Fermion's waste waters contain high levels of nitrogen, but most of the nitrogenous compounds evaporate as nitrogen during treatment.

EN22 Waste by disposal method

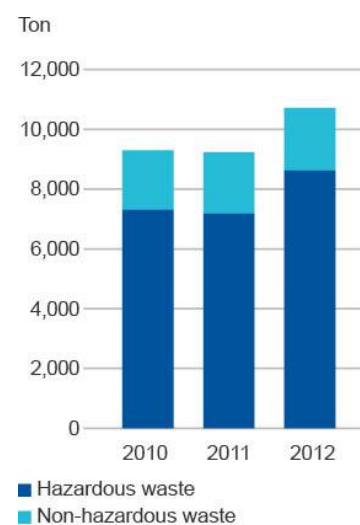
Ton	2010	2011	2012
Re-use elsewhere	1 222	1 238	1 331
Re-use as energy	484	471	588
Landfill waste	271	362	166
Hazardous waste treatment plant	7 324	7 179	8 650
Waste total	9 302	9 250	10 735



EN22 Waste by type, and

EN24 Hazardous waste

Ton	2010	2011	2012
Recyclable waste	1 707	1 689	1 979
Non-hazardous waste	271	382	166
Hazardous waste	7 324	7 179	8 650
Waste total	9 302	9 250	10 735



The absolute amount of waste generated by Orion's sites in Finland in 2012 grew by 16% from 2011. The increase came solely from hazardous waste. Like in previous years, the proportion of

hazardous waste was 80% of all waste, and 92% of all hazardous waste was produced by Fermion.

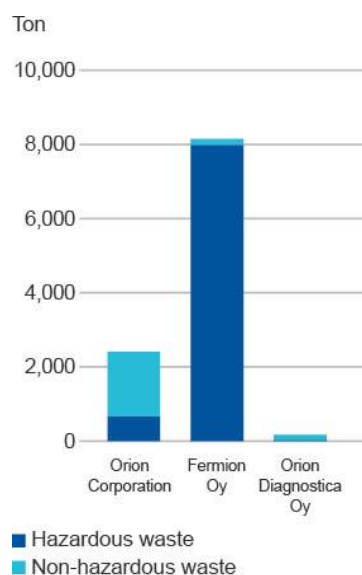
Due to the nature of Orion's manufacturing operations and the composition of the company's products, most of the generated waste is unsuitable or even dangerous for re-use purposes. Typical materials treated as hazardous waste include pharmaceutical waste, organic and inorganic chemicals and mixtures classified as hazardous or harmful, cytostatic waste, carcinogenic waste, batteries, fluorescent tubes, halogenated solvents, lubricating oils, oil-containing fabrics and filters, mercury waste, adhesive and paint containers and ashes from heavy fuel oil boilers.

Almost all the hazardous waste is treated by Ekokem Oy at its specialised incineration facilities. Most of all this waste is used as a source of the district heating energy supplied for the neighbouring regions of Ekokem.

Approximately 84% of the non-hazardous waste were generated in the operations of Orion Corporation, i.e. in the pharmaceutical manufacturing plants and in offices. Waste amounts delivered from Orion for re-use elsewhere showed some increase from the previous year. An increasing share of that waste consists of bio waste, the collection of which Orion has improved at all sites. The amounts and share of non-hazardous waste usable as an energy source are also increasing.

Landfill waste went down to half of the previous year's amount, and towards the desired direction: Orion aims to getting totally free of it.

Waste by reporting unit in 2012



EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impacts of mitigation

In 2012, Orion continued preparations for the introduction of an environmental system based on the ISO14001 standard for its pharmaceutical plants in Espoo, Turku and Kuopio. As part of this work, Orion's management confirmed an Environmental Policy which expresses the overall intentions and direction related to the entire Orion Group's environmental performance.

In recent years, Orion's main initiatives to mitigate environmental impacts have focused on the reduction of solvent emissions, improving energy efficiency and sorting of waste and minimising landfill waste. Progress has been made with favourable results at all Orion's locations, and considerable cost savings have also been achieved.

As one of the steps towards more efficient environmental management, Orion is centralising the waste management of all its Finnish locations to one single partner. By doing so, the waste collecting and sorting practises can be harmonised and the logistics of waste handling becomes more efficient. The purpose of the arrangement is also to ensure full compliance with the new waste legislation.

Changes in the manufacturing and annexed operations of pharmaceutical industry tend to take a relatively long time to implement because a specification of the manufacturing method is included in the marketing authorisations granted by medicinal authorities to the products. If changes are planned to the manufacturing method due to environmental reasons, for example, each national drug authority that has granted a marketing authorisation must be provided with proof that the change in the method does not affect the product's efficacy or safety, and the marketing authorisations must be updated via a variation procedure to reflect the changed manufacturing method.

Compliance

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Orion has not been condemned to fines or sanctions for non-compliance with environmental laws and regulations during the review period.

Transportation

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Previously, Orion has not reported on indicator EN29 due to lack of a reliable method for assessing the environmental impacts of transporting the company's goods and materials and work-related travelling of employees. As of this Report for 2012, we present under this indicator the carbon dioxide emissions from the business flights of the Orion Group's Finnish employees. The data is provided by CWT Kaleva Travel, the travel services partner of all units of the Group in Finland.

CO₂ emissions from business flights

1000 miles	2011	2012
Flights in Finland	913	876
International flights	7 847	8 116
Flights total	8 760	8 992
CO ₂ emissions, tonnes		
Flights in Finland	220	211
International flights	1 451	1 506
CO ₂ emissions from business flights total	1 671	1 717



Calculation of the CO₂ emissions:

Length of flight ≤ 590 miles 0.24 kg CO₂ / mi
 Length of flight > 590 miles 0.18 kg CO₂ / mi
 1 mile = 1.609344 km, unit in land miles

Fuel consumption and CO₂ emissions of company cars decrease along with renewal of the fleet

About 200 employees in the Orion Group's service in Finland have a company car as an employment benefit. In its company car policy, Orion emphasises low emissions, fuel economy and traffic safety. The average exchange interval is three years. The CO₂ emission goal of 120 g/km set by Orion for 2020 means that the average annual level should decrease by about 5 g/km. The average CO₂ emissions of the new company cars procured in 2012 were 141 g/km.

Overall

EN30 Total environmental protection expenditures and investments

EUR 1,000	2010	2011	2012
Environmental investments	1 063	2 490	2 502
Environmental protection expenses	762	4 050	4 865
Environmental expenditures total	1 825	6 540	7 367

Total environmental protection expenditures and investments by reported organisational unit, in 2012

EUR 1,000	Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Orion Group
Environmental investments	1 943	460	99	2 502
Environmental protection expenses	1 564	3 227	74	4 865
Environmental expenditures total	3 507	3 687	173	7 367

The data reported as environmental protection expenses for 2010 are not comparable with the figures for 2011 and 2012, which cover more comprehensively and precisely collected cost items relating to waste, wastewaters, emissions to air and energy efficiency. The figures concerning environmental investments are comparable.

The greatest items in the environmental expenses consist of waste handling. In 2012 they made a total of EUR 4.5 million, of which Fermion's share was EUR 3.2 million. A great majority of the total cost of waste is caused by the handling of hazardous waste.

The environmental investments consist of a number of projects for improving energy efficiency, the use and recycling of materials and water and the management of waste and emissions. The greatest single investment in 2012 was the VOC incineration facility which decreases solvent emissions both into air and into waste waters from the manufacturing of pharmaceuticals in Espoo. Fermion invested in a district heating system to recover the heat energy generated by the Hanko site's VOC incineration facility for use in the API processes. The heating system of the company's small apartment building located at the Espoo site was turned to use geothermal energy.

Other investments included renewals of air conditioning, lighting systems, and changes of windows and gas scrubbers.

New VOC incineration facility of the Espoo pharmaceutical plant

The new catalytic incineration facility completed at Orion's Espoo site in 2012 captures the greatest part of all volatile organic compounds, VOC, in a comparatively low temperature.

The VOC-containing gas is led from the pharmaceutical manufacturing departments into the facility, in which the organic components of the gas are oxidised into water and carbon dioxide in a catalytic combustion process. The energy generated in this process is used for heating the in-coming air. By incinerating the VOC gases, the solvent emissions from the pharmaceutical manufacturing processes are decreased. The emissions of the facility itself consist of the non-oxidised part of the the VOC gases, and carbon dioxide and water.

The VOC treatment facility handles the solvents emitted from the tablet coating and granulation phases, altogether about 75% of all the solvents used in tablet production at Espoo. The facility is also estimated to reduce solvent emissions into waste waters by almost 80%.

SO – Social Responsibility

The following performance indicator areas are included under Social Responsibility:

LA – Labour Practices and Decent Work

HR – Human Rights

SO – Society

PR – Product Responsibility



LA – Labour Practices and Decent Work

Management approach of Labour Practices and Decent Work (DMA LA)

Goals and performance

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. Towards the end of 2012, Orion employed about 3,486 people, 703 of them working at the Group's overseas offices. The workforce represents many nationalities and

cultural backgrounds, but is unified by the common Orion business culture, shared values and practices.

Orion aims to be an interesting and preferred employer. We foster our good employer image by looking after the professional development, working conditions and well-being of every Orion employee. We offer our employees a healthy and safe working environment and a smooth-operating working community. Employees are provided with opportunities for development and career advancement through career paths. We also ensure that our employees have the necessary skills to implement the Group's strategy.

Orion offers the chance to work in an international environment and provides varied and challenging career opportunities for experts in different disciplines.

A big corporation has need and room for individuals with different backgrounds, because interaction between viewpoints offers fertile ground for innovation.

Our mission - Building well-being - addresses not only our external stakeholders but also the atmosphere of our workplaces. We promote equality and justice throughout the Group by ensuring that every employee has equal opportunities for success and development in their work and that the employees treat one another fairly. These objectives are recorded in Orion's Human Resources Policy, accessible at www.orion.fi/human-resources-policy.

The ethical principles concerning our working community are recorded in the Code of Conduct of the Orion Group. The Code is applicable to Orion's employees and businesses, requiring every individual employee's commitment to comply with it.

Orion develops its operations in uncomplicated and open cooperation with the personnel. In employee-manager relations, we strive towards flexible, unobstructed and open interaction so that questions that require answers or solutions can be processed quickly and constructively. Cooperation is natural in normal daily operations. Collaboration is done both as part of normal daily working and at meetings based on labor-related legislation. The Group appreciates the work of trade unions and employee representatives and treats them with respect and openness.

Procedures

Orion ensures responsible operations in relation to employees and working conditions by adhering to the Group's shared values, the procedures and responsibilities specified in the Corporate Governance Manual as well as the joint ethical principles and policies. Orion's mission "Building well-being" contains a strong message of doing things together. To our employees the mission means "work we are proud of together". The Group's values are visible in our daily life: we take care of every individual's well-being and competence in our working society. *Healthy at Work*, *Building Well-being at Work* and *Good Morning – Good Tomorrow!* are examples of projects which demonstrate our willingness to be forerunners and play an exemplary role. We do good things together. By providing preconditions for coping, development and satisfaction at work, Orion encourages the employees' joy of accomplishment. An employee who is happy at work contributes to the well-being of the company and the working community.

In human resources management, Orion operates according to effective legislation, collective agreements, security regulations and other responsibilities. Orion's Human Resources Policy emphasises equality and fairness, constructive and unobstructed interaction between personnel and management, opportunities for further occupational development, rewards for good results and creating good working conditions and atmosphere for Orion employees.

Recruitment

Our success depends on our ability to employ and recruit professional people, develop and train their skills and care for their well-being at work. We invest in the development of an efficient and high-quality recruitment process and our employer image. We recruit new professionals into our service. We develop, train, inspire and engage them to work in accordance with the needs, goals and operational principles of our company. We have tasks for a wide range of specialists in the fields of natural sciences, business, mathematics, technology, IT and the humanities.

By the means of resource planning we ensure that the organisation has the required people and skills for the tasks derived from company-level objectives and that the required deputy and backup arrangements are in place to ensure uninterrupted operations. Existing employees with suitable skills are considered first when seeking employees for new or open positions. As a rule, the job is first announced applicable for the own employees during at least one week in the Group's intranet. The job is announced applicable for public labour markets if no appropriate candidates are found from inside the Group. Job rotation is seen as a means for driving change and as an opportunity for professional development.

Every year, Orion offers summer job opportunities to over one hundred 15–17 year-old school boys and girls. Most of them work in production and laboratories. Students are offered work training possibilities at different locations of the Group.

Equality

Members of the working community are responsible for treating everyone equally and fairly in daily operations and decision-making. Orion requires and expects that every member of our working communities and organisations acts fairly, not just those acting in a supervisory position. Everyone is responsible for maintaining and promoting a good working atmosphere, behaving appropriately and respecting others. Orion's working group for equality affairs supports and promotes all-round equality and fairness in the company. It also maintains the Equal Opportunities Plan for the Finnish operations up to date. The working group comprises representatives from all personnel groups and the employer. Both the supervisors and the employee representatives are responsible for taking action when problems are identified in this area.

Personnel empowerment

Orion considers employee opinions in the decision-making concerning human resources affairs and implementing human resources related decisions. Employee representatives principally take part in the work for preparing new practices or changes to existing ones. In addition to mandatory employer-employee forums, Orion's supervisors organise regular informal meetings with employees and employee representatives.

Employee representation in Group management is principally agreed with employees. There is one employee representative, nominated by the personnel groups, on Orion's Executive Management Board. The employee representative has, however, no operative liability for the decisions made by the Executive Management Board. Representatives of the employees are members in management teams of operational units and functions, too.

Communication

Quick communication and easily accessible information related to work and working community are basic principles in Orion's internal communications. The objective is to offer access to all information which can assist employees in their work.

Orion utilises modern web-based solutions in internal communication. The corporate-wide intranet offers daily news flow, shared working facilities for project and team specific exchange of information, elaboration of topics and filing of documents. The wide variety of electronic team rooms enable information sharing using Wikipedia-related principles, conversation, different kinds of surveys and blogs, thereby offering a channel for collegial networking.

Occupational health and safety, and well-being at work

Orion wants to ensure that each employee can maintain their capability to work until retirement age without exposure to health risks or hazards. Orion aims to provide its employees with a healthy and safe working environment and a smoothly functioning working community, characterised by a constructive working atmosphere, good management and motivating colleagues. Orion's occupational safety and well-being activities focus on the prevention of hazardous situations and occupational diseases and injuries.

Orion aims to achieve a zero accident rate. To this end, we actively report and investigate accidents and hazardous situations, assess risks regularly and systematically, inspect the safety of the working conditions and working environment, improve the safety of processes and methods and organise safety training to enhance the employees' attitudes, awareness and alertness.

The general guidelines and principles concerning corporate safety and safe working are provided in the Orion Security Guide. The safety management guidelines and the guidelines for ensuring safe working are included in the Corporate Governance Manual. Every operational unit shall have an Occupational safety and health action programme which describes the unit's operational environment, work safety aspects and responsibilities, and main development areas.

More detailed function and location specific guidelines are maintained in the company's internal information management systems. Orion's employees are trained in the company's good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. Every supervisor is responsible for ensuring the safety of his/her subordinates. All employees are required to follow the safety instructions and act without constituting risk to their own and/or other employees' safety, and without causing damage to the company's property.

Orion also emphasises the importance and obligation of each employee's awareness of those health and safety risks that are involved in their duties as well as of how to avoid them.

Orion's employees are trained in the company's good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. The general guidelines and principles concerning corporate safety and safe working are provided in the Group's Corporate Governance Manual, the Orion Management Guide and the Orion Security Guide. Group-level security instructions are complemented by more detailed function and location specific guidelines. The aspects of safety are also observed in the SOPs (standard operating procedure) defined in detail for tasks and work phases. It is extremely important for Orion that each employee can maintain their capability to work until retirement age, without exposure to health risks or hazards. Orion also emphasises the importance of each

employee's awareness of those health and safety risks that are involved in their duties as well as of how to avoid them.

Systematic assessments of the workplace and associated risks are carried out by the EHS organisation to continuously develop working conditions.

- *Occupational Safety Card* is one of the most visible means of safety development in the member companies of the Responsible Care programme. Orion aims to have all laboratory and production employees trained for the card.

For company car holders, Orion arranges compulsory training for economic and safe driving behaviour. The persons are trained to behave behind the steering wheel in a manner which saves fuel and promotes traffic safety. They also learn to better understand and utilise the versatile built-in safety systems of their cars in order to be prepared to manage the vehicle in the best possible way in situations of danger.

Supporting employees' well-being and health

What do we mean by employees' well-being at work?

- Well-being at Orion means that the employees can work in duties corresponding to their skills, with a feeling of doing valuable, rewarding, inspiring and meaningful work in a well-managed, safe and coequal working community and environment.
- Well-being at work is created by doing things together
- A well-being employee feels complacency, is active, has endurance / is energetic both at work and at home, and is able to face changes and misfortune.

Our ways of building well-being					
Leadership and management	Possibilities to influence own work and the working community	Common rules at the workplace	Competence and development opportunities	Interactive operational models	Corporate culture
We develop good and renewing leadership to safeguard our success.	We develop innovative solutions and operational models. This challenges all of us to dare take new opportunities in our daily work. We all take responsibility of our duties and the functionality of our working community.	We can trust each other and appreciate everyone's work. Confidence is built upon promises kept, and appreciation is built upon our ability to understand the significance of everyone's contribution to the whole.	We support and motivate our employees to continued development of their skills and readiness for change.	Collaboration is fluent in a healthy and functioning working community. Information is shared and interaction is effective in all directions. We dare speak about problems, and we solve them constructively.	Building well-being!
Personal health and well-being					

The above definition of well-being at work in Orion was determined as part of the *Good morning – Good tomorrow!* project which is being forwarded in collaboration with all major labour market parties involved in Finnish chemical industry (Chemical Industry Finland, which represents Finnish chemical industry employers, and labour organisations TEAM Teollisuusalojen ammattiliitto ry, Ammattiliitto Pro ry and Ylemmät Toimihenkilöt YTN ry). The purpose of the project is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all chemical industry workplaces. Orion contributes to this programme with its own project under the name *Indicators of the effectiveness of measures for improved wellbeing at work*.

Orion offers its employees more comprehensive occupational health services than those required by law. In major locations, Orion maintains its own occupational health centres. In smaller facilities the health services are purchased from external service providers.

Health checkups are performed by age group to evaluate occupational fitness and the need of measures to promote it, such as “shape-up” courses sponsored by the company.

The operational models for early support, treatment practices for the occupational healthcare for musculo-skeletal and mental disorders as well as for management of ageing employees are examples of the ways via which Orion aims to promote well-being at work and to enable better management of the risks of disability. The achievement of the goals is monitored by the help of a variety of indicators, such as the responses relating to the topic in employee surveys, as well as by monitoring absences from work due to musculo-skeletal disorders. Particular attention is paid to absences due to musculo-skeletal problems.

In their free time, employees can take part in the numerous activities of recreational clubs supported by the company and reserve accommodation in the company’s recreation areas for its employees in several locations in Finland. Employees can use culture vouchers sponsored by Orion for sports and cultural activities. Gym and sauna facilities are available for the employees at Orion’s premises in Espoo. High-quality workplace catering is one of the priorities. The staff shops in Turku and Espoo and the OrionNetshop on the web offer favourable purchasing opportunities to employees. Pharmaceuticals are, however, not included in their product selections.

Rewarding

Orion encourages its employees to good results and long-term commitment by means of rewarding. Rewards must be handed out fairly and according to Group-level principles. Salaries and employee benefits are country-specific and vary depending on national legislation, collective agreements, industry, location and the salary levels and remuneration structures of each country.

Monetary incentives and other employee benefits must be of sufficient level and scope to be of interest when compared with the market salary of each position. Personal salary is determined based on the complexity of duties and individual performance. When assessing an employee’s individual performance, productivity, expertise, multiple talents, ambition to develop, initiative and cooperation skills are considered.

Training and awareness

Orion offers its employees training and coaching based on the Group strategy, business objectives and skill requirements of each individual position. Employees are encouraged to develop themselves by providing a wide range of development opportunities from one-day seminars to long-term training programmes and supplementary training periods. Orion

encourages its employees to utilise the versatility of opportunities for professional development. The toolbox for the development of skills and competence includes for example job rotation, 360-degree evaluations and the annexed feedback discussions, mentoring, learning at work, and coaching. Orion also offers various internal training courses as well as training provided by third parties designed specifically for the needs of Orion and its employees.

All Orion employees are entitled to developing their professional skills. Some of the training courses arranged by Orion are compulsory, like for instance the internal supervisor training and many GMP-related courses. In a specialist organisation like Orion it is necessary to regularly update the skills and competence needed in the jobs. In the *Succeeding together!* discussions, the requirements of the subordinate's job are checked and a personal training programme is agreed on, if necessary.

Competence development is planned based on the Group's strategy and goals to determine the kind of competence needed for successful operations both at short and long term. The strategic focus in training is on leadership, management of partnerships and networking, and business understanding. In the training area of management skills, Orion has paid particular attention to management in change and rearrangement situations. An Orion-specific approach was determined in 2011 for these occasions in collaboration with a number of managers and supervisors having experience from change management.

The most effort and widest range of training focus on professional development. The planning starts from the Group's strategy and goals: what kind of skills and competence do we need for both short-term and long-term success. The strategic focus is on leadership and management skills, partnership management and business and financial skills. There is also a tailored training programme for specialists.

Managers in particular are responsible for ensuring that each subordinate employee has the required skills. Supervisors are also responsible for organising sufficient induction for new employees, those starting in new roles or those returning from extended absences. Managers are also responsible for ensuring that everyone in their organisation is familiar with Orion's strategy and objectives, the department-level objectives derived from them as well as personal objectives.

In the onboarding process of new employees the supervisor gets help of a set of forms helping him/her to confirm that all the necessary items are discussed. As a new interactive tool in the onboarding process, Orion uses *Orion eOnboarding*, a web-based information source which offers a comprehensive package of information about the Orion Group's strategy, products, operations and functions, organisation and people, operational codes and practices and the business environment. The service is accessible for all Orioners, offering them the chance to update their knowledge and understanding of the company and the working environment.

Means of developing supervisory skills include a Group-level training programme in which supervisors receive comprehensive training on their personal management skills and which also helps to assure that the Group's values and the Orion way of management is adopted. Supervisory training is provided to all supervisors independent of their geographic location. This is how the Orion management culture, policies and principles are equally implemented in all locations throughout the Group. Persons in supervisory positions receive particular training also in those thematic issues which relate to the key competencies identified as strategic, such as leadership, business understanding and partnership management.

Those in expert positions have their own training programme.

Orion has globally adopted so-called *360 and 180-degree evaluations*. In the 360-degree evaluation, supervisors receive personal feedback from their subordinates, colleagues and their own supervisor. Also representatives of Orion's external partners can be asked to give feedback

with a purpose to support the development of strategic partner collaboration, with a purpose to support and enhance strategically important partner collaboration. Employees in expert positions receive 180-degree feedback from their supervisors and colleagues.

Data system for the management of employees' competence, skills and training

In the pharmaceutical industry, the employees' professional skills are most elementary in securing the quality and safety of the products as well as the regulatory compliance of the manufacturing process. The strict regulatory requirements provide that all those employees whose performance directly or indirectly affects the quality or the safety of a medicine shall receive regular GMP (Good Manufacturing Practice) training and that conclusively traceable documentation is available on their competence and the training they receive for upgraded skills as well as their familiarisation with the guidance concerning required operational practices.

With the data system introduced in 2011-2012, Orion manages the competence requirements of individual tasks in the Supply Chain and Quality operations as well as information on the personnel's qualifications, skills and training history, with an exact and systematic documentation.

Succeeding together! discussion

Performance reviews are conducted as standard in the Orion Group. All supervisors have been instructed to organise personal performance reviews with their subordinates at least once a year. In 2012 we renewed the discussion, emphasising the equality and good interaction. In the Succeeding together! discussions the goals are agreed and checked, the successes achieved in the past period as well as the aspects needing improvement are dealt with, and the skills necessary for successful performance are considered. Concretic actions to promote skills and/or well-being at work are also agreed.

The performance review sessions of the exempts include an assessment of performance in relation to the objectives set for the year in the previous review for the basis of the performance-based bonus system, and agreeing upon new personal targets together with the supervisor.

Monitoring and follow-up

For almost ten years, Orion assessed the working atmosphere and work satisfaction annually with a method called *Happy@Work*, coordinated by the Institute for Occupational Health. In 2012, a new, strategy-oriented research approach was pilot tested with a new partner. The pilot survey was tested with 550 employees from 5 countries. The first new corporate-wide survey will be conducted in May 2013 in all those countries where Orion has employees. The purpose of the survey is to study the organisation's strengths and development needs in view of the implementation of the strategy. It is an important tool for the development of working communities and in the collaboration between the employees and the management. Orion's employee survey is characterised by the strong commitment by the management to not only conducting the survey but also to implementing the development actions resulting agreed on

the basis of the results. The results will be dealt with on the Orion Group Executive Management Board, and the progress of the development activities will be followed up in annual Management Team Reviews.

In the Happy@Work surveys, Orion employees have evaluated Orion to overperform the Finnish average for almost all components of the study. The results have also shown Orion to represent the top of Finland in good supervisory performance.

Complementary references

Human Resources Policy: www.orion.fi/human-resources-policy

Code of Conduct: www.orion.fi/code-of-conduct

Anticipations towards Suppliers: www.orion.fi/csr-anticipations-towards-suppliers

Anti-corruption Policy: www.orion.fi/anti-corruption-policy

Orion's performance indicators concerning Labour

Employment

LA1 Total workforce

In the following tables under the LA1 indicator, the breakdowns are presented in amounts representing full-time equivalent numbers of employees, not true headcounts. The figures are calculated with the same accounting principles as those applied in the Group's IFRS financial reporting.

The total number of employees grew by 2% in 2012. Most of the new employees were recruited into the pharmaceutical manufacturing operations in Espoo and Turku. The total number of employees working in the foreign marketing subsidiaries decreased by 17 persons, mainly in Germany and Poland.

The table '*Personnel by reporting organisational unit*' displays personnel numbers grouped according to the same operational structure as is used in the compilation of data for this Sustainability Report. This grouping differs from that used in Orion's financial reporting, in which the numbers of employees are presented per business segment and division. The figures reported for subsidiaries include the foreign Orion Pharma companies for marketing pharmaceuticals and the foreign Orion Diagnostica companies for marketing diagnostic products, and FinOrion Pharma India.

The Orion Group's parent company Orion Corporation's personnel mostly consists of employees working in pharmaceutical manufacturing, research and development, marketing, business support functions and in financial administration, corporate functions and management.

LA1 Personnel by reported organisational unit, converted to full-time employees

Employees	2010	2011	2012
Orion Corporation	1 886	2 096	2 153
Fermion Oy	318	318	322
Orion Diagnostica Oy	271	291	308
Subsidiaries	656	720	703
Employees total	3 131	3 425	3 486

Working hours

1,000 h	2010	2011	2012
Actual	3 784.9	3 979.0	4 236.0
Theoretical	4 625.9	4 790.5	5 088.4

The calculation method of the actual and theoretical working hours has been changed so that the figures also include the working contribution of those employees who either joined or left the company during the year. The figures for 2010 and 2011 have been adjusted to be comparable. In the earlier calculation method, only those employees were included whose employment had continued throughout the reported year.

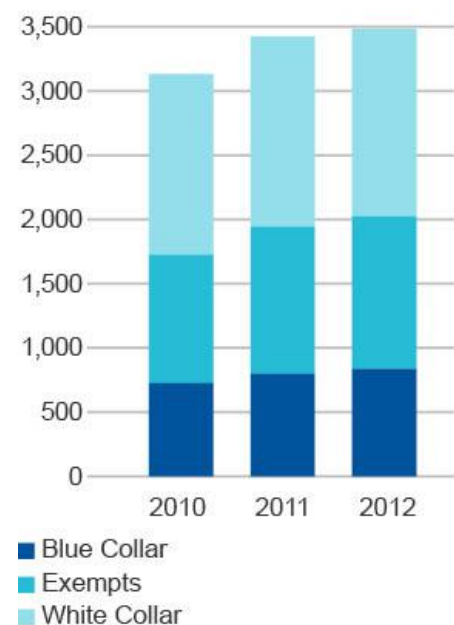
LA1 Headcount by employee category

Employees	2010	2011	2012
Blue collar	724	798	837
Exempts	999	1 145	1 183
White collar	1 408	1 482	1 466
Employees total	3 131	3 425	3 486

Persons



Persons



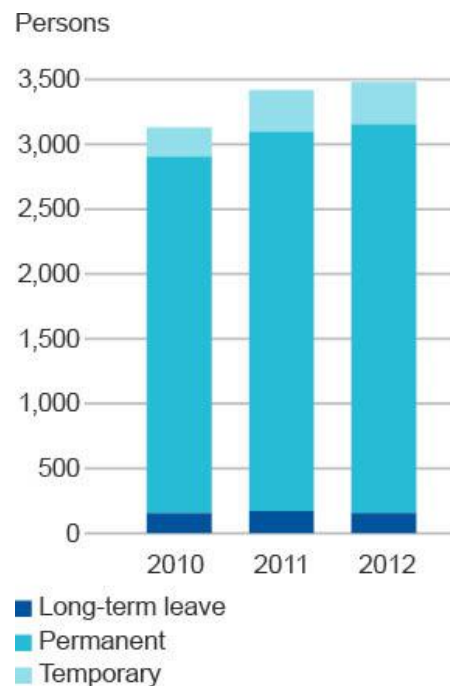
LA1 Breakdown of employees by region

Employees	2010	2011	2012
Finland	2 475	2 705	2 783
Other Nordic countries	134	143	142
Germany	118	115	102
UK and Ireland	64	65	63
Russia	73	104	108
Other countries	267	293	288
Employees total	3 131	3 425	3 486

Approximately 76% of Orion's total workforce in 2012 were office workers. White collars accounted for about 42% of the total workforce. About 34% were exempts, i.e. senior clerical employees, most of which were working as supervisors or experts. Blue collar employees consist of people mainly working in the Supply Chain organisation, in manufacturing, packing and warehousing of pharmaceutical products and diagnostic products at the plants in Espoo, Turku and Kuopio and the API manufacturing plants of Fermion in Hanko and Oulu.

Headcount by type of employment contract

Employees	2010	2011	2012
Long-term leave	157	170	160
Permanent	2 755	2 937	2 998
Temporary	219	318	328
Employees total	3 131	3 425	3 486



The proportion of workforce in temporary employment was at the same 9% level as in 2011. The total number of part-time employees was 300, and 70 persons of them were under a temporary employment contract.

In 2012, Orion's Finnish locations offered summer jobs to as many as 162 students. In 2010, the total number of summer employees was 147, while in 2011 it was 139.

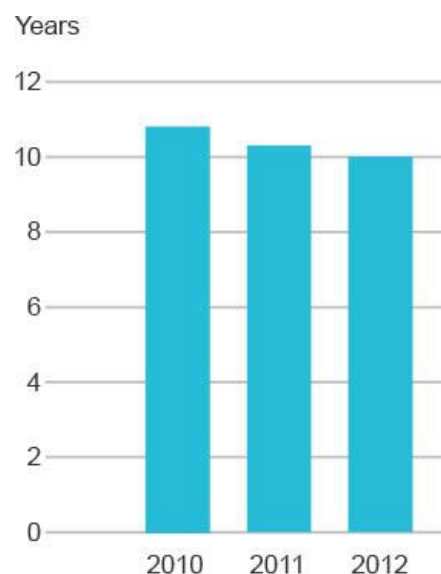
LA2 Employee turnover by employee category

%	2010	2011	2012
Blue collar	4.0 %	4.6 %	5.7 %
White collar and exempts	2.6 %	2.5 %	2.8 %

Employee turnover is calculated as the ratio of resigned employees of the number of employees at year end.

Average duration of employment

Employees	2010	2011	2012
Under 2 years	509	770	825
2-5 years	819	769	717
6-10 years	628	590	548
11-15 years	399	488	576
16-20 years	245	210	220
21-25 years	321	341	314
Over 25 years	317	346	360
Average duration of employment, years	10.8	10.3	10.0



The headcounts in the above table have not been converted to full-time employees.

Employment durations are typically relatively long at Orion. In 2012, the average duration of employment was 10.0 years.

The number and proportion of employees having been in the service of the Company less than 2 years have increased considerably, in consequence of the high number of additional employees recruited into the pharmaceutical manufacturing operations in the past two years. Of the 2012 personnel in Orion's service, approximately 41 per cent of the employees had been working for the company for at least 10 years. People with a working history longer than 25 years in Orion accounted for about 10% of the total workforce.

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Orion employees in Finland, other Nordic countries and Southern European countries share the same employee benefits offered by Orion regardless of the length or the type of the employment contract.

In certain countries, benefits are available for full-time employees with a permanent service only, as follows:

UK & Ireland: life insurance for death in service.

Central Europe: disability/invalidity coverage, maternity/paternity leave, retirement provision, and healthcare insurance.

CIS countries: life insurance, health care and maternity leave.

Labour / management relations

LA4 Percentage of employees covered by collective bargaining agreements

%	2010	2011	2012
Blue collar	100	100	100
Exempts *)	100	100	100
White collar	100	100	100
Percentage total	100	100	100

Orion adheres to current employment legislation and the applicable collective bargaining agreements valid in the country the employee works in.

Collective bargaining agreements cover blue collar and white collar employees in Orion's Finnish locations, a total of about two-thirds of the workforce.

*) To exempts, a so-called common pay record concerning exempts in the chemical industry is applied. In addition to salary increases, the pay record covers several other terms, such as more extensive sick pay than that specified in the Employment Contracts Act, and paid maternity or paternity leave.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

The employment contract of each Orion employee specifies the notice period, which is at least the period specified in national employment legislation and applicable collective agreements.

In Finland, when the employer terminates the employment contract, the notice periods are the following for all personnel groups:

Term of employment	Notice period
Max. 1 year	14 days
Over 1 year and max. 4 years	1 month
Over 4 years and max. 8 years	2 months
Over 8 years and max. 12 years	4 months
Over 12 years	6 months

Occupational health and safety

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees

In the Finnish locations of the Orion Group, all blue collars and white collar employees, altogether about 65% of the total workforce, are represented in the statutory health and safety committees consisting of representatives of both the employees and the management.

LA7 Absenteeism**Causes of absenteeism and work time lost due to absenteeism**

Work time lost, hours	2010	2011	2012
Paid sick leave	146 635	143 522	164 960
Unpaid absence from work due to illness	37 018	42 571	38 992
Paid absence from work due to child's illness	16 429	15 752	16 385
Unpaid absence from work due to child's illness	79	411	315
Absence of 3 or more days due to injury at workplace	2 904	2 613	2 600
Absence of less than 3 days due to injury at workplace	112	152	128
Absence due to commuting injuries	2 296	1 032	1 848
Total work time lost due to absences	205 473	206 053	225 228
Absentee rate, all absences	4.4 %	4.3 %	4.4 %
Absentee rate due to illness	4.0 %	3.9 %	4.0 %
Absentee rate due to work place injuries	0.06 %	0.05 %	0.05 %

Absentee rate of all absences is calculated as the proportion of total work time lost of total theoretical working hours.

Absentee rate due to illness is presented as the proportion of absence hours due to illness of the total regular theoretical working hours.

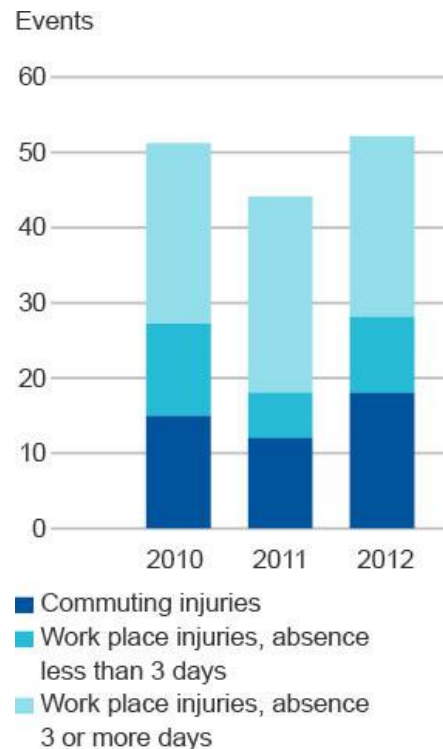
Total work time lost due to injuries indicates the seriousness of workplace accidents.

Absentee rate due to injuries is presented as the proportion of work hours lost due to injuries having led to an absence of 3 or more days of the total regular theoretical working hours.

The sickness rates and absentee rates for 2010 and 2011 differ from those reported in our previous Sustainability Reports, due to the changed calculation method adopted in 2012.

LA7 Injuries and fatalities

Injuries	2010	2011	2012
Work place injuries causing absence of 3 or more days	24	26	24
Work place injuries causing absence of less than 3 days	12	6	10
Work place injuries total	36	32	34
Commuting injuries	15	12	18
Injuries total	51	44	52
Injury rate	6.3	6.5	5.7
Fatalities	0	0	0



Work place injuries include injuries caused by accidents that occur at the workplace or its area, or at an external working area outside the primary workplace.

Commuting injuries include injuries caused by accidents that occur when employees are travelling between home and work.

The number of injuries causing absence from work indicates the level of occupational safety at the company.

Injury rate measures the number of work place injuries per million working hours. It can be used to compare the injury risks of different industries, professional groups, etc. It is also referred to as the LTI Rate (Lost Time Injury Rate). In this report, injury rate includes workplace injuries which led to an absence of 3 or more days.

The injury rates for 2010 and 2011 differ from those reported in our previous Sustainability Reports, due to the changed calculation method adopted in 2012.

The reported absences cover the personnel working in Orion's Finnish locations. Corresponding statistics cannot be collected for the employees in foreign marketing organisations.

The total work hours lost due to illness, injuries and other causes of absence in 2012 rose by about 9% from those in 2011. Absentee rate, however, declined slightly from the previous years, which is explained by the increase in the number of employees and, accordingly, the greater number of theoretical working hours. Illness of either an employee or a child was the cause of 98% of the total hours lost.

More injuries occurred in 2012 than in 2011 to Orion's employees both at the workplace and on their way to work or back home. Altogether 24 workplace injuries led to absences of three or more days, two events less than in 2011.

The injury rate decreased to 5.7 from that of 6.5 in the previous year. The different kinds of injuries led to a loss of altogether about 4,580 working hours, the corresponding figure for 2011 being 3,800 hours.

In 2012, Orion's employees incurred as many as 37 (12) reported commuting injury events on their way to work or back home, or when travelling on business. Of these events, 16 cases led to an absence of at least 3 days. Typical events included falling with the bike, and slippings. Commuting injuries with a bike led to considerable losses of working hours.

No fatal incidents occurred in 2010–2012.

In the parent company Orion Corporation, comprising pharmaceutical operations in Espoo, Turku and Kuopio, and the corporate head office in Espoo, altogether 18 injury events at the workplace led to an absence of 3 or more days and 9 events led to a shorter absence. No injuries were recorded in Kuopio. In Espoo, 12 workplace injury events led to an absence of 3 or more days, and 6 ones in Turku. Most of the incidents were mild to moderate and were caused by tripping and slipping as well as scratches and wounds. None of the injuries was caused by chemicals.

Fermion initiated a project together with the Finnish Institute of Occupational Health with a purpose to develop working methods and operational principles which promote safety at work in Fermion. During and after the project, safety issues have been and are being held visible and discussed in training seminars, meetings and in daily activities. The injury statistics for 2012 are already showing excellent progress: Fermion had only 3 cases that led to an absence of 3 or more days, while in 2011 the number of corresponding events was 11. The number of minor injuries recorded was 8, and none of them led to absence from work.

Orion Diagnostica had 3 (2) injuries at the workplace, all of which led to an absence of 3 or just some more days. All the cases were mild. One of the goals in the development plan for health and safety is to explore the causes of the injuries and the safety observations in more detail and to conduct risk evaluations more comprehensively and more often. The new system for recording safety observations as well as increased safety training have activated the employees to notify about observed safety shortcomings.

Injuries and accidents occurred to company cars and their holders remained at the previous year's level and the also damages were mild. Casualties were avoided completely, and most of the damages to the cars were caused in parking areas. The safety driving courses arranged by Orion since 2010 have increased the drivers' awareness and precaution in traffic and have guided them towards safer driving.

Preventive health and safety training activity

In 2012, the Group organised a total of 149 training courses focusing on environment, health and safety for about 1,620 participants. The average number of training days for work safety and health was 0.7 work days per employee.

In 2012, Orion's laboratory technicians were offered an opportunity to join *Aslak rehabilitation* arranged by the Finnish social insurance institution Kela. The content of the Aslak program is based on solutions and practices that promote health, support management of life and improve overall ability to work and function.

Employees wanting to stop smoking were offered personal coaching and support by the company's occupational healthcare organisation.

Altogether 150 persons, mainly supervisors, took part in the training courses for providing early support. These one-day courses have been offered by Orion since 2011.

Training courses for economic and safe driving were continued in 2012 for those company car holders who did not participate in these trainings earlier. The training is obligatory to all the approximately 200 company car holders.

LA9 Health and safety topics covered in formal agreements with trade unions

In 2011, the major labour market parties of the Finnish chemical industry, i.e., Chemical Industry Finland, which represents Finnish chemical industry employers, and labour organisations TEAM Teollisuusalojen ammattiliitto ry, Ammattiliitto Pro ry and Ylemmät Toimihenkilöt YTN ry adopted the development of well-being in the workplace as a common mission, and together they launched a three-year project named *Good morning – Good tomorrow*. The purpose of this 3-year project is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all workplaces representing the chemical industry.

Orion contributes to this programme with its own project under the name *Indicators of the effectiveness of measures for improved well-being at work*. During 2012, Orion defined the most important factors that promote well-being at work in Orion. The work goes on with a purpose to determine Group-level indicators for them.

The project is dealt with under the DMA for Labour practices, on page 59.

Training and education

LA10 Average of training days per year

Days	2010	2011	2012
Average training days per employee	5.0	4.4	4.7

The data system used by Orion for the follow-up of training arranged for the Group's employees in various forms of learning opportunities does not allow the training performance to be reported in the way suggested for the GRI indicator LA10. This is why it is not possible to provide a specification of training hours by employee categories, for example. Some uncertainty is also included in the figures, as attendance to external courses and seminars has not necessarily been completely reported by the participants into the follow-up system. The figures show, however, the minimum number of training days per employee per year.

Thematic breakdown of training days

Days	2010	2011	2012
GxP	1.2	1.2	1.2
Information management	0.4	0.6	0.4
Language and cultural interaction	0.2	0.3	0.1
Management	0.3	0.2	0.3
Health, safety, environment	0.6	0.6	0.7
Other occupational development	2.0	1.3	2.0
Product training	0.4	0.3	0.0

LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

The emphasis of the 2012 trainings for management skills has been on the management of partnerships, an important factor in view of successful implementation of the Group's strategy. For this purpose, the key points such as the definitions of the key factors of successful partner collaboration, were documented into a guide book named *Building Well-Being Partnership*. The guide also serves as part of the agendas of the training courses.

Horizon is a high-standard leadership training programme designed to enhance Orion's ability to manage change and renewal as well as to strengthen leadership and management competence and business-oriented corporate culture. As part of the programme, strategic project plans supporting business development are delivered by the participants.

In 2012, a high-standard educational programme *Quantum Leap* was arranged for 20 supervisors and specialists in Orion Diagnostica, in collaboration with the Aalto University. This programme consists of four modules and project assignments relating to the development of the participants' business competence. A considerable part of the outcomes of the project assignments can be utilised in business development.

The staff working in the Group's Indian office participated in a culture-oriented coaching *How to co-operate with Finns* to enhance their ability to collaborate with their Finnish colleagues. Respectively, the representatives of the Indian office offered corresponding coaching to their Orion colleagues in different countries to better understand Indian company and business culture.

LA12 Percentage of employees receiving regular performance and career development reviews

%	2010	2011	2012
Blue collar	85	85	85
Exempts	100	100	100
White collar	95	95	95

In 2012 and the two comparative years, approximately 85 per cent of employees had a review session with their supervisors either in a face-to-face discussion or in a collegial group. About 95 per cent of white collar employees discussed their performance with their supervisor. Almost all exempted staff have a performance review with their supervisors.

Diversity and equal opportunity

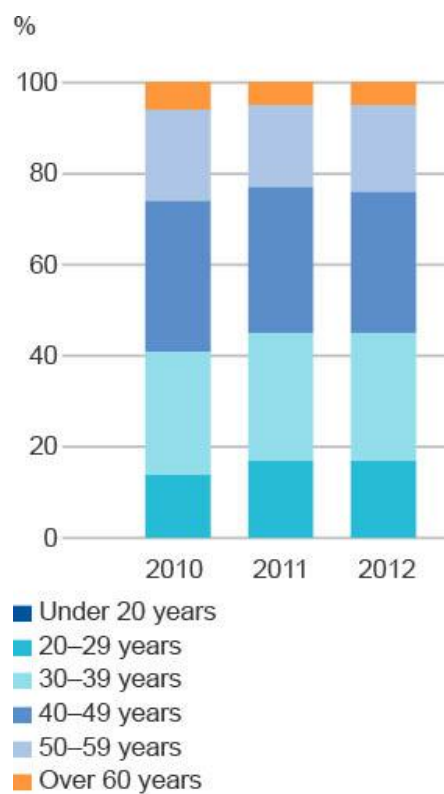
LA13 Breakdown of employees per category according to gender and age

In the course of the past four years, the proportion of 20–29 year-old employees has grown from 11% to as much as 17%. In the 2012 age structure, approximately 76% of all employees were under 50 years of age. About 5% of employees had turned 60 and are approaching the retirement age in the next few years.

Women represent approximately 61% of the total workforce of Orion. The proportion of female employees has declined by 3 percentage units from 2009. In blue collar positions, the proportion of men has kept on growing slightly but steadily, now being 53%. The white collar employees continued to be the most female both in terms of the absolute and relative number of women, with 71% women like also in the comparative years. Among exempted employees, the proportion of women was 60%, the same as in 2011.

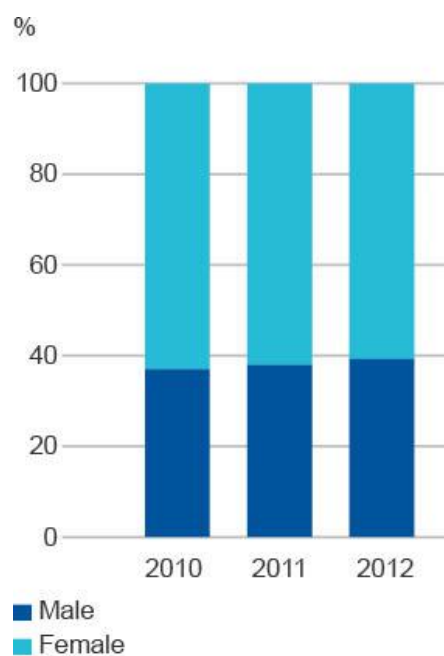
Age structure of employees

%	2010	2011	2012
Under 20 years	0.6	1	0.4
20–29 years	13	16	17
30–39 years	28	28	28
40–49 years	33	32	31
50–59 years	20	18	19
Over 60 years	6	5	5
Total, %	100	100	100



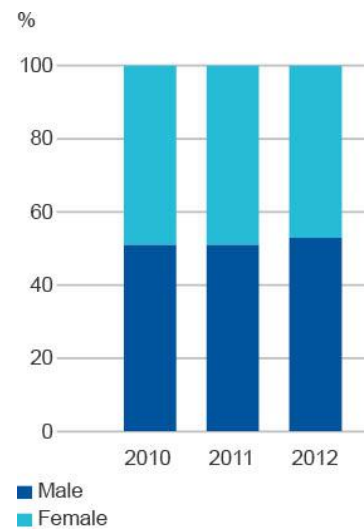
Gender structure, all employees

Employees (%)	2010	2011	2012
	2 028	2 180	2 178
Female	(63 %)	(62 %)	(61 %)
Male	(37 %)	(38 %)	(39 %)
Employees total	3 238	3 514	3 560



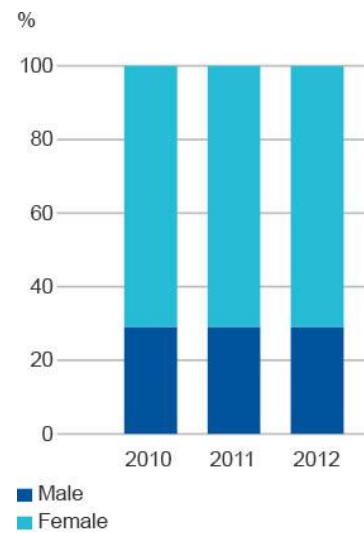
Gender structure, Blue collars

Employees (%)	2010	2011	2012
	359	426	405
Female	(49 %)	(49 %)	(47 %)
Male	(51 %)	(51 %)	(53 %)
Blue collars total	740	868	869



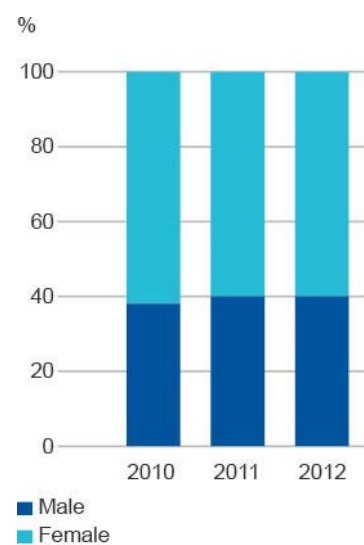
Gender structure, White collars

Employees (%)	2010	2011	2012
	1 000	1 062	1 049
Female	(71 %)	(71 %)	(71 %)
Male	(29 %)	(29 %)	(29 %)
White collars total	1 414	1 497	1 482



Gender structure, Exempts

Employees (%)	2010	2011	2012
	669	692	724
Female	(62 %)	(60 %)	(60 %)
Male	(38 %)	(40 %)	(40 %)
Exempts total	1 084	1 149	1 209



Gender structure by reported organisational unit in 2012

Employees (%)	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsidiaries
Female	2 178 (61 %)	1 446 (64 %)	85 (26 %)	221 (74 %)	426 (61 %)
Male	1 382 (39 %)	796 (36 %)	240 (74 %)	76 (26 %)	270 (39 %)
Total	3 560	2 242	325	297	696

As in previous years, Orion Diagnostica has the highest proportion of women, with 74% of employees being women. Almost one in four of all the women in the service of Orion Diagnostica work as laboratory technicians.

The number of employees in Fermion is just slightly higher than that of Orion Diagnostica, but here 74% of the total workforce are men. Men dominate the production processes in particular, whereas women work in laboratories and offices.

In the production of pharmaceuticals and diagnostic products, a clear majority of employees are women. Typical job titles among women working in the supply chain are packer, line operator and laboratory technician.

R&D is also an area dominated by women.

The share of women and men in supervisory positions shows great variations between the reporting units.

Gender structure of managers and supervisors in 2012

	Orion Group		Orion Corporation	Fermion Oy	Orion Diagn. Oy	Foreign subsidiaries
Female	199	41 %	120	11	22	46
Male	287	59 %	145	49	10	83
Total persons	486	100 %	265	60	32	129

**Gender structure,
Board of Directors of Orion
Corporation**

Gender	2010	2011	2012
Female	1	1	1
Male	5	5	5
Total members	6	6	6

**Gender structure,
Orion Executive Management
Board**

Gender	2010	2011	2012
Female	4	3	4
Male	6	5	5
Total members	11	9	9

**Age structure,
Board of Directors of Orion
Corporation**

Year of birth	2010	2011	2012
1940–1949	2	2	1
1950–1959	3	3	4
1960–1969	1	1	1
Total members	6	6	6

**Age structure,
Orion Executive Management
Board**

Year of birth	2010	2011	2012
1940–1949	4	2	1
1950–1959	2	2	2
1960–1969	5	5	5
1970–1979	0	0	1
Total members	11	9	9

LA14 Ratio of basic salary of men to women by employee category

Gender does not play a role when salaries are determined at Orion. In the Finnish operations, salary equality is assessed annually by means of a salary mapping method as specified in the Finnish Act on Equality between Women and Men. The outcome of the mapping is reviewed and assessed together by Orion's management and employee representatives and, when necessary, corrective measures are agreed on.



HR – Human Rights

Management approach of Human Rights (DMA HR)

Goals and performance

Orion insists on application of human rights in all its operations and works towards eliminating any human rights violating practices from the Group's as well as its subcontractors' and suppliers' operating procedures. Orion is committed to the principles of the UN's universal declaration of human rights and the declaration on the rights of indigenous peoples as well as the ILO agreements, and also expects the same of its partners.

Orion regards every Orion employee and everyone involved in the manufacturing of Orion products to have the right to be treated well and with respect by supervisors, subordinates and colleagues. Orion does not accept discrimination in any form. Orion acknowledges the right of indigenous peoples to their cultural and spiritual values. Orion does not condone or tolerate the use of child labour or forced or compulsory labour in any of its operations nor in any such operations of its subcontractors that are related to Orion's products.

Orion acknowledges its employees' freedom of association and their legal rights to memberships in labour organisations and collective agreements. Freedom of association is considered a personal matter of privacy. Orion respects the legal rights of the employees and their representative organisations and treats them openly and honestly. According to the Group's general principle of legal compliance, Orion honours binding collective agreements. This is also recorded in Orion's Human Resources Policy, which is part of Orion's mandatory Corporate Governance Manual.

As a rule, Orion requires that suppliers participating in the company's supply chains fulfil the requirements by Orion for responsible operating practices and principles, including those concerning human rights and EHSG practices. Especially the GMP-critical key and preferred-class suppliers are requested to commit themselves to Orion's anticipations and principles concerning the supply chain. Orion also systematically monitors the compliance of its suppliers and their operations.

When selecting suppliers, Orion is especially critical towards countries where there is a risk of human and employee rights being violated and/or child labour being used and where the national labour legislation is weak or weakly enforced. In countries where a better position for the employees is ensured by international labour norms and the ILO's central labour agreements, Orion requires the supplier to conform to the ILO norms.

Organisational responsibility

Every manager at every level of the organisation is responsible for ensuring that the human rights principles are upheld within Orion. Supervisors have an obligation to take the necessary actions without delay if the rights are violated. Orion also emphasises the personal responsibility of every Orion employee to ensure that human rights are respected in the workplace.

The Group's Procurement organisation is responsible for the follow-up and monitor the suppliers' ability to meet the requirements and principles set by Orion for its supply chain.

Training and awareness

All Orion managers receive training on human rights in mandatory supervisor training and also in training which focuses on human resources policy and the procurement and investment principles of Orion. Employee rights, including freedom of association, are also discussed during supervisor training. As part of the Human Resources Policy, these rights are also regularly discussed in company-wide human resources information sessions.

The ethical Code of the Orion Group obligates all employees to behave and act in ways which respect the human rightst. The employees' awareness of the content and spirit of the Code is promoted by ways of internal communication, in the context of the company's familiarisation processes and training courses, and as part of the web-based e-onboarding program.

Monitoring and follow-up

Orion monitors compliance with the human rights principles and reacts to any violation thereof with the same corporate governance practices as are applied to other corporate internal guidelines.

Orion controls the enforcement of the requirements set for its partners by evaluating the operations of the suppliers of materials, products and service suppliers with regular enquiries and by auditing their facilities. The purpose is to ensure the continuity and compliance of Orion's and the suppliers' operations, and to manage supply chain risks. Should an external party, which operates in Orion's supply chain, be observed to blatantly violate the human rights principles, international agreements or legislation, Orion would undertake corrective action and, in an extreme case, terminate the partnerships and replace the party with a compliant supplier.

Complementary references

Human Resources Policy: www.orion.fi/human-resources-policy

Code of Conduct: www.orion.fi/code-of-conduct

Anticipations towards Suppliers: www.orion.fi/csr-anticipations-towards-suppliers

Anti-corruption Policy: www.orion.fi/anti-corruption-policy

Orion's performance indicators of Human Rights

Non-discrimination

HR4 Incidents of discrimination and actions taken

Orion has no record of any violations of the discrimination ban.

Freedom of association and collective bargaining

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

There have been no violations of employee rights or collective agreements during the review period.

Child labour

HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour

There are no operations within the Orion Group where the risk of using child labour is significant. Orion has no record of any situations where child labour has been used in relation to Orion's own or its suppliers' operations.

Forced and compulsory labour

HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour

There are no operations within the Orion Group where the risk of using forced or compulsory labour is significant. Orion has no record of situations where forced or compulsory labour has been used in relation to Orion's own or its suppliers' operations.

Indigenous rights

HR9 Incidents of violations involving rights of indigenous peoples and actions taken

No issues related to the rights of indigenous peoples have arisen in relation to Orion's business so far.



SO – Society

Management approach of Society Performance (DMA SO)

Goals and performance

The practices and methods pursued by Orion as regards community relations, social and political relations, restrictions of competition and corruption are derived from the general principles of Orion's Corporate Governance Manual, according to which the operations of the Orion Group are based on compliance with valid laws and regulations issued there under as well as with ethically acceptable operating principles. This is the guiding principle also in the ethical standards determined in the Code of Conduct (www.orion.fi/code-of-conduct) which is to be followed by all Orion units and employees all over the Orion Group.

All community relations are based on open and honest communication, which considers both parties' expectations.

Orion accepts that reasonable gifts are part of normal business culture within the framework of legislation and ethically acceptable practices. The Group's Anti-corruption Policy (www.orion.fi/anti-corruption-policy) unambiguously prohibits Orion's employees from giving or accepting a bribe or any comparable benefit.

According to the Donation Policy of the Group, when deciding on donations, it must be confirmed that each donation adheres to applicable laws and regulations and ethically acceptable operating practices.

Orion's principal channel for influencing political decision-making is via relevant industry associations.

Orion does not support political parties or associations. Even though Orion as a company does not participate in the operation of political parties, Orion respects the legal right of its employees for political action, which is considered a private matter.

Orion adheres to current competitive legislation. Orion is in favour of fair competition and promotion thereof, and aims to ensure that the objectives of applicable competitive legislation are honoured in its operations. Orion strives to avoid any breaches of competitive legislation.

Legal and regulatory compliance is the cornerstone of all operations. Orion expects that every employee is aware of the legislation and regulations that apply to their work. It is the responsibility of managers and supervisors to ensure that up-to-date regulations are available and acknowledged.

Procedures

The divisions and organisations that form the Group are responsible for managing authority relations in those areas that fall in the scope of their operations and responsibilities.

When Orion wants to inform political decision-makers and authorities of its opinion, for example when new laws or regulations are being drafted, the company aims to do so via channels such as national and international industry organisations. Orion is a member of the European Federation of Pharmaceutical Industries Associations (EFPIA) and Chemical Industry Federation of Finland, which is part of the Confederation of Finnish Industries EK. As the voice of business, regional and central chambers of commerce are also relevant channels for Orion. Orion's membership in the Finnish pharmaceutical industry association ended in May 2013.

When necessary, Orion's managers approach decision-makers directly. To be able to voice its opinion, the Group considers good and appropriate relations important, in particular with local decision-makers in the regions where the company has operational presence, relevant regulatory authorities and, most importantly, the national and municipal decision-makers and officials preparing decisions affecting the operating conditions of the healthcare industry.

As regards hospitality, Orion adheres to the principle of reasonable level.

Most of the annual donations made by the Group for purposes of public interest are based on the decision by the Annual General Meeting to donate part of the distributable assets of Orion Corporation to medical research and other purposes of public interest. The Board of Directors decides on the allocation of the donations.

As a pharmaceutical company, it is natural for Orion to support the work of patient organisations. Here, Orion follows the established industry practices based on the EFPIA code. A summary of the Group's collaboration with patient organisations is published annually on the corporate website, at www.orion.fi/patient-organisation-collaboration.

Organisational responsibilities

At the Group level, the Executive Management Board is responsible for community relations.

Training and awareness

The practices and means related to community relations, social and political influencing, competitive legislation and anti-corruption are dealt with in both the company guidelines and

supervisor and expert training, induction of new employees and other training and information sessions where it is natural to discuss these issues. Guidelines and instructions are also defined in the Group's Code of Conduct.

The Group's Anti-corruption Policy unambiguously instructs the employees of the Orion Group to refrain from giving or accepting bribes or any comparable benefit for the purpose of promoting the company's business or the advancement of its interests. Particular training is arranged for the employees throughout the Group to adopt the meaning and purpose of the Policy confirmed in 2012.

In addition to the principle of legal and ethical compliance and anti-corruption specified in Orion's Corporate Governance Manual and the Code of Conduct, the Group also has established specific guidelines concerning competition law, which every Group employee is expected to adhere to. Orion organises training related to competitive legislation and agreements for all employees who are involved in making agreements or other tasks which may fall under the scope of competition law.

In addition, Group-wide guidelines apply for agreements and documents signed in the names of the Orion Group companies. These guidelines are in place to ensure that all agreements are made with sufficient legal expertise and in writing, that agreements are approved at the appropriate decision-making level based on their scope and that only authorised signatories of the companies can sign agreements.

Orion's operations are very highly regulated by legislation and special regulations.

Orion organises various training opportunities for its personnel in areas related to regulatory compliance by means of courses, information sessions and self-learning. members of staff are expected to be pro-active in acquainting themselves with the provisions.

Monitoring and follow-up

Orion monitors legal and regulatory compliance in the same ways as it monitors compliance with internal guidelines. The company also reacts towards incompliance by applying the same procedures as are applied to breaches of other internal guidelines.

Complementary references

Human Resources Policy: www.orion.fi/human-resources-policy

Code of Conduct: www.orion.fi/code-of-conduct

Anticipations towards Suppliers: www.orion.fi/csr-anticipations-towards-suppliers

Anti-corruption Policy: www.orion.fi/anti-corruption-policy

Orion's indicators of Society performance

Corruption

SO2 Percentage and total number of business units analyzed for risks related to corruption

In the course of 2012, risks related to corruption have been assessed by Orion in collaboration with an external evaluator. Identification and evaluation of corruption-related risks belong to the broad scope of the Group's risk management.

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures

The principles concerning anti-corruption are included in the Group's Code of Conduct and in the Anti-corruption Policy, which was confirmed in 2012. Trainings focusing on anti-corruption were also started in 2012.

SO4 Actions taken in response to incidents of corruption

Orion has no record of incidents where the company or a company representative has been shown to have given or taken any bribes during the reported periods.

Public policy

SO5 Public policy positions and participation in public policy development and lobbying

Orion's policies on influencing political decision-making and lobbying are described under the DMA of Society performance.

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

Orion does not support political parties, politicians or related institutions with financial contributions or other donations.

Anti-competitive behaviour

SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

Orion aims to avoid any anti-competitive behaviour. Orion's performance history in this respect is excellent.

Compliance

SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Orion has not received any fines or other sanctions for non-compliance with laws and regulations during the reported years.



PR – Product Responsibility

Management approach of Product Responsibility (DMA PR)

Goals and performance

As a pharmaceutical company, Orion must ensure that the drugs developed, manufactured and marketed by it are proven to be safe, effective in the indications they are approved for, and meet the quality requirements set for them as well as the needs of the customers and patients. As a manufacturer of diagnostics products, Orion is responsible for ensuring that the tests work as planned and produce reliable results of the patient's condition to support appropriate treatment decisions.

The guiding principles of the quality standards of Orion's entire supply chain are based on full compliance with the EU-regulated good operating practices in manufacturing, laboratories, and R&D, and efficiency and fluency of processes, product safety and consistent quality and high delivery reliability.

Orion maintains good readiness for required action in case significant adverse effects are identified or drugs or other products of improper quality are released for sale and distribution.

In its pharmaceutical research and development operations, Orion follows the relevant legislation regulating these activities as well the ethical principles confirmed in the Helsinki Declaration.

For these goals, Orion applies systems and procedures which allow the planning, implementation, monitoring and continuous improvement of appropriate operations.

Procedures

Orion is responsible for monitoring the safety of every pharmaceutical product throughout the entire time the product is available on the market. No drug comes without adverse effects, but continuous monitoring and reporting to authorities help ensure that adverse effects do not exceed the drug's medicinal treatment benefits. Orion collects all the quality feedback received for its products from all the markets where the products are used and assesses the feedback systematically.

The key product responsibility principles for drugs and diagnostic tests are specified in the *quality manuals* approved by Orion's management. Critical operations are furnished with guidelines to manage activities and ensure quality.

Orion purchases the materials, consumables and tools required in product manufacturing from qualified suppliers. The practices and principles applied to the supply chain are described on the Group's website, address www.orion.fi/csr-anticipations-towards-suppliers.

Pharmaceuticals and diagnostic tests are manufactured according to good manufacturing procedures (GMP) and validated processes.

Raw materials and packaging materials for pharmaceuticals are inspected before approval to production. To ensure uncompromised product safety and quality, Orion inspects each manufactured batch to verify its quality before approval for sale. All materials, manufacturing and quality management phases as well as distribution phases are fully traceable.

For products contract-manufactured or developed for Orion by a third party, Orion ensures the regulatory compliance and performance of the manufacturer or the research service provider as well as the adequacy of the manufacturing and research facilities by relevant agreements and regular audits.

No drug comes without adverse effects, but continuous monitoring and reporting to authorities help ensure that adverse effects do not exceed the drug's medicinal treatment benefits. Orion systematically collects information about the adverse effects of the drugs it markets and continuously assesses their safety profiles and risk/benefit ratios. Orion collects all the feedback concerning quality or safety concerns of its products from all the markets where the products are used and assesses the feedback systematically, using methods meeting the regulatory requirements.

When required, appropriate action is taken based on this information to ensure safe use of the drug. Documents specifying the properties of the drug to healthcare professionals and patients are updated with the necessary changes in cooperation with the authorities to ensure that those taking or prescribing the drug have access to essential information required for safe use of the drug. In some cases, it may be necessary to withdraw a product from the market, for safety reasons.

Customer complaints about drugs and diagnostics products are recorded so that Orion can check whether defective products have been released to the market despite the quality assurance procedures. This can be done reliably, thanks to the good traceability of materials and operations. When necessary, Orion recalls its preparations from the delivery chain and, depending on the severity of the defect, also from the consumers.

Product recall cases are carefully investigated by Orion to identify the mechanism that caused the defect and to launch required corrective and preventive measures.

As the marketing authorisation holder, Orion is responsible for the quality and safety of its products to the Finnish Medicines Agency, Fimea, which according to the Pharmaceutical Products Act is the authority that also inspects pharmaceutical plants and contract

manufacturers. This also covers pharmacovigilance and premises of the marketing authorisation holder as well as the pharmaceutical R&D operations.

The product safety requirements of diagnostic tests are not as strict as those for pharmaceuticals, but the US Food and Drug Administration (FDA), for example, requires that queries are responded to within certain time limits, meaning that the manufacturer has a monitoring obligation. The Finnish regulatory authority responsible for diagnostic tests is Valvira.

Traceability of products and operations

Orion maintains documentation systems which enable the traceability of all events, actions and results relating to the development, manufacture, quality or safety of medicines reliably and rapidly, independent of the means used for storing information.

Each medicinal product bears a code defining a single batch. With the help of the code, the correctness and propriety of the batch can be ensured. This traceability is of vital importance for finding out whether a mistake has occurred during the manufacture of a batch.

Diagnostic products are also traceable by batch code all the way throughout the supply chain, from the raw materials to the finished product.

Product recalls

Medicinal products failing to comply with their specifications and which may cause danger or severe harm to their users are recalled by Orion from the market. Depending on the severity of the case, medicines are withdrawn either from the wholesalers and retailers only or also from patients.

Orion has the systems in place to enable a prompt initiation of a recall procedure, and prompt and accurate communications. The recall can be initiated at any time of the day, if necessary. The effectiveness of the recall procedures is tested regularly.

The criteria for product recall for diagnostic products are specified in the Quality Manual and the procedures in internal guidelines on customer complaints and hazardous situations caused to customers. The key guidelines are related to handling customer complaints, sales restrictions or recalling batches from the market. They also address country-specific guidelines, such as Warnings and Sales restrictions in Canada and Vigilance Reporting in the United States.

Organisational responsibilities

The authorisations and responsibilities as well as the management structure for product responsibility are specified and described in the quality manuals and more detailed instruction documents approved by Orion's management.

The organisation which is responsible for the quality of the drugs and diagnostic tests must be independent so as to be qualified to make decisions. The release of the product for sale is exclusively subject to Quality Assurance, QA, which is an organisation independent from the company's other functions.

Training and awareness

Thanks to their academic training and professional experience, the persons in charge are able to assess the situations and introduce solutions in the correct scale.

Other personnel have been instructed to escalate any adverse effect issues to the responsible organisation.

In addition to Orion's personnel, the operators who provide Orion's phone services have been trained to escalate any queries which call for urgent action and are made outside office hours to Orion's experts.

Monitoring and follow-up

Manufacturing and sales of drugs requires certain regulatory permissions. During the authorisation procedure, the regulatory authorities have ensured that Orion has the appropriate qualities for the operations and that each drug released by Orion meets the specified requirements.

The pharmaceutical regulatory authorities (Fimea in Finland) and the regulatory authorities responsible for healthcare equipment and supplies (Valvira in Finland) monitor and assess Orion's research and supply chain operations in regular inspections. These inspections also assess the effectiveness of the procedures in place for the follow-up and processing of adverse effects and complaints and the readiness to withdraw a product from the markets. The inspections are conducted in the name of the EU. In addition to national authorities, also numerous foreign instances are monitoring Orion's compliance, the US Food and Drug Administration, FDA, being the most significant one.

Orion takes also own initiative in monitoring the adequacy of its operations by carrying out internal audits and management reviews, and develops internal procedures systematically.

Orion's customers, partners and contract manufacturing principals assess Orion's ability to operate in compliance with the regulations and the commitments agreed in the contracts. In their inspections and audits they check the adequacy and regulatory compliance of Orion's operations and facilities for the supply chain and R&D of pharmaceuticals, APIs and diagnostic products.

Correspondingly, Orion also monitors the adequacy and regulatory compliance of its sub-contractors, suppliers and other collaboration partners. In addition to assessments based on written enquiries, Orion makes on-site audits in their facilities to make sure that external parties involved in Orion's supply chain, R&D and distribution also meet the regulatory requirements and obligations agreed on in the collaboration contracts. Orion also follows up and monitors the fulfilment of the corrective actions of the defects identified in the audits.

Counterfeit medicines pose an increasing global risk. Orion has not been affected by counterfeit products yet, but monitors the situation closely. By monitoring the situation, Orion maintains a readiness to react in case the legislation in this area changes.

Practices concerning marketing and marketing communications

In Europe, the practices applicable in the marketing of pharmaceuticals are recorded in the *EFPIA Code on the Promotion of prescription-only medicines to, and interactions with, Healthcare Professionals – EFPIA HCP Code*, effective as of 1 January 2012 (accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628)

As an EFPIA member company, Orion acknowledges the purpose and spirit of the Code, which is stated in the *EFPIA Leadership Statement on Ethical Practices* in the following words:

As industry leaders, we are committed to working in partnership with all stakeholders to improve healthcare across Europe. In doing so, we are conscious of the importance of providing accurate, fair and objective information about our medicines to allow rational decisions to be made about their use. As such, we fully respect the role that EU legislation plays in regulating interactions between pharmaceutical companies and healthcare professionals.

The full EFPIA Leadership Statement on Ethical Practices is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628.

Orion's sales and marketing organisations for pharmaceuticals primarily follow the locally valid legislation concerning medicinal products, marketing, consumers and competition, the International Code on Advertising and Marketing Communication Practice as well as the Orion Group's Code of Conduct and internal guidelines which correspond to the EFPIA (European Federation of Pharmaceutical Industries and Associations) Code of Practice.

Orion arranges continued training to and regular testing of its sales and marketing organisation to ensure that the persons engaged in marketing have adopted and follow the principles and guidelines concerning marketing of medicinal products.

When preparing marketing communications and advertising material, Orion follows the procedures determined by healthcare authorities for checking and confirming the legal and regulatory compliance of the content before the material is released for use and publication.

Orion's Medical Affairs organisation at the corporate headquarters in Finland coordinates and consults marketing communication planning, and monitors its implementation in order to confirm its compliance with national and transnational regulations. The specialists of the Medical Affairs organisation work in intensive collaboration with the sales and brand managers as well as with the non-Orion marketing partners who promote Orion's products under licenses in their agreed market areas, to see to it that the promotional activities are in line with regulatory requirements.

Marketing of diagnostic products

For the marketing of diagnostic products, recommendations have been provided by EDMA to its member organisations. As a member of Sailab, a Finnish association of manufacturers of hospital laboratory equipment, Orion Diagnostica follows both them and those of the European Medical Device Association EUCOMED. No sanctions are included in these recommendations.

Orion's marketing communications guidelines concerning diagnostic products have been determined observing these recommendations.

Collaboration with patient organisations

The EFPIA PO Code, effective as of 1 January 2012, covers relationships between EFPIA corporate members including their subsidiaries and contracted third parties (e.g. agencies) and patient organisations which operate in Europe. Before 2012, the provisions of patient organisation collaboration were included in the previous EFPIA code of Practice. The PO Code is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628

As a corporate member of EFPIA, Orion is committed to this Code, the purpose of which is to ensure ethical and transparent collaboration with patient organisations. The Code emphasises the patient organisations' integrity and independence of pharmaceutical companies. Promotion

of prescription-only medicines via patient organisations is prohibited. Direct and indirect support to patient organisations must be transparently disclosed, and the support must be provided without any terms restricting competition or the supported organisation's freedom of activity. A written agreement on the support must be made.

Orion discloses a Group-wide annual summary of the forms of collaboration with patient organisations comprising every country where Orion has a marketing organisation of its own. This information is presented in the *Sustainability* section on the corporate website, at www.orion.fi/patient-organisation-collaboration.

Complementary references

Code of Conduct: www.orion.fi/code-of-conduct

Anticipations towards Suppliers: www.orion.fi/csr-anticipations-towards-suppliers

Anti-Corruption Policy: www.orion.fi/anti-corruption-policy

Orion's performance indicators of Product Responsibility

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

The basic prerequisite for granting a marketing authorisation to a medicinal product is that the product is efficient as a treatment and safe to use. Orion explores, assesses and monitors the medicinal efficacy and adverse events of its products, and patient safety throughout the entire lifetime of the product, starting at the earliest stages of research until the product exits from the market.

Practically 100 per cent of Orion's pharmaceutical products fall under the scope of PR1, and also the proportion of the full product range, including diagnostic products, is close to that.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

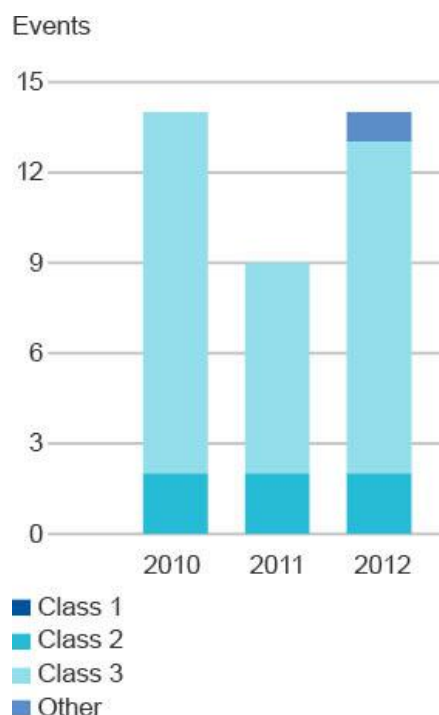
Orion has no record of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of its products and services for the review periods.

Orion's own objectives and follow-up methods for product responsibility

The units of the Orion Group have determined objectives for the quality levels of their products. Metrics are defined for product withdrawals from the market due to quality defects and critical observations reported by third parties in their audits of Orion's operations. As a standard, Orion wants to show an uncompromised level of quality in its operations and performance. Feedback from customers and consumers is also followed up actively, and it serves as a basis for the monitoring of operations.

PR own, Product recalls and product defects

Events	2010	2011	2012
Class 1 (critical)	0	0	0
Class 2 (harmful)	2	2	2
Class 3 (minor)	12	7	11
Class 4 (other defect)	0	0	1
Product recalls total	14	9	14



Defects identified in medicinal products are classified as critical, harmful or minor, depending on the degree of severity.

Class 1 (Critical): product defects that are or may be life-threatening or pose a serious health hazard to users.

Class 2 (Harmful): product defects that are or may be harmful to the users or may affect medical treatment, but which are not included in Class 1.

Class 3 (Minor): product defects not likely to pose a significant health hazard to the users, but where removal of the defective product from the market is otherwise justified.

Class 4 (Other defect): product defects which are not harmful and there is no need to recall defected products for safety reasons.

No incidents of severity Class 1 (Critical) product defects have occurred during the years under review. In 2012, two Class 2 (Harmful) withdrawals from the market were implemented. One of those cases was due to the differing dose strengths printed on the blister package of the

product and that on the retail package. The reason for the other withdrawal was a problem in opening the vial of an injectable product.

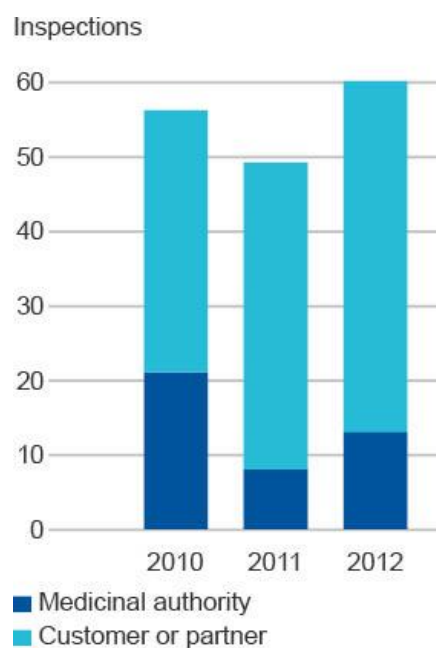
Withdrawals due to minor product defects of Class 3 included nine batches of medicinal products and two batches of diagnostic products.

The product recall which fell under Class 4 (Other defect) was made in consequence of changes implemented into the labelling and summary of the product's characteristics concerning shelf life and storage conditions.

PR own, Inspections of operations and sites

Inspections of Orion's operations and sites conducted by third parties

Inspections	2010	2011	2012
Inspections by authorities	11	8	13
Inspections by partners	35	41	47
Inspections total	56	49	60
Critical observations	0	1	0



The investigator's observations in the inspections of sites and operations are classified based on their severity as critical, major or minor. The investigator may also propose a more recommendable procedure instead of an adopted although acceptable one.

Critical: The practice involves a high risk to drug safety and/or drug quality. An essential violation of Good Practices.

Major: The practice may incur a risk to drug safety of quality. Incompliance with Good Practices.

Minor: Drug safety is not compromised. A minor nonconformity with Good Practices.

Recommendation: The practice is compliant, but an improvement is recommended.

Of the altogether 60 inspections made in 2012 in Orion's facilities, 13 were conducted by healthcare authorities. 11 of those inspections were made at the pharmaceutical manufacturing locations. Fermion and Orion Diagnostica underwent one inspection each.

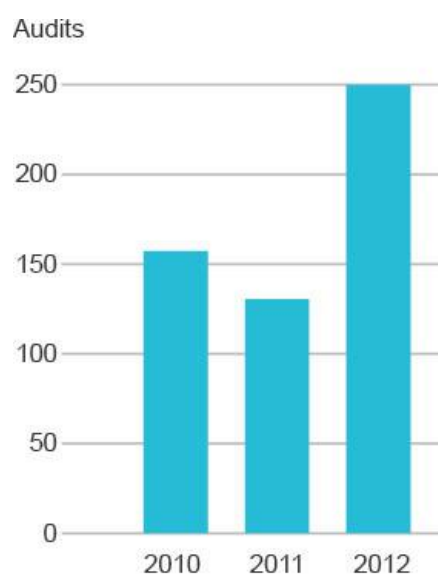
The audits by Orion's business partners – mainly customers and contract manufacturing principals – were made at the pharmaceutical manufacturing plants in Espoo and Turku and the API plants of Fermion on Hanko and Oulu.

No critical observations were recorded in the final reports received in 2012 on the inspections. Immediate corrective actions were undertaken after each inspection to amend the less severe defects observed in these audits.

Orion's currently high production capacity utilisation rate and its broad product range may cause risks to the delivery reliability and make it more challenging than before to maintain the very high quality standard required. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs. Possibly required corrective actions may at least temporarily reduce delivery reliability.

PR own, Inspections of material and service suppliers' and contract manufacturers' operations and sites conducted by Orion

Audits	2010	2011	2012
Audits total	157	130	249
Critical observations	13	1	0
Rejections	0	0	0



In 2012, Orion made altogether as many as almost 250 on-site inspections of its partners' and suppliers' operations and facilities. Despite the high number of inspections – approximately one audit per each workday – and uncompromised criteria, no critical observations were recorded. The business partners have been selected using strict GMP and EHS criteria, and also regulatory authorities have audited them to confirm their GMP compliance.

The emphasis of audits conducted by Orion was heavily on API manufactures, contract manufacturers, suppliers of raw materials and materials, and organisations providing clinical research services to Orion.

Product and service labelling

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

Pharmaceutical products can be sold and used only under a product-specific marketing authorisation granted by a pharmaceutical regulatory authority, and using the facts provided in the Summary of Product Characteristics, SPC, confirmed for the product as part of the marketing authorisation. A marketing authorisation is granted and maintained valid for products which are safe to use for their indicated purpose, proven to be therapeutically effective, appropriate as drugs, meet quality requirements and are appropriately manufactured and labelled. The authorisation also defines the product's indication, i.e. the purposes for which the medicine can be used.

The product-specific SPC must be found in every single retail package. Pharmaceutical legislation and regulatory authorities demand that, for products classified as drugs, the pharmaceutical company may only provide information contained in the SPC, and exclusively that. The product information leaflet in the package contains the main facts about the drug and its use in the form approved by authorities. The drug and health authorities maintain national and international drug databases which contain up-to-date information for every product with a valid marketing authorisation. The information and arguments presented by the manufacturer and/or the marketer in any communication about the product must always be in full conformity with the information confirmed in the regulatory Product Information confirmed for the basis of the valid marketing authorisation.

In EU countries, pharmaceutical companies are not allowed to communicate information about prescription drugs directly to consumers. Instead, it is the responsibility of healthcare professionals such as doctors and pharmacies as well as healthcare authorities to do so. Marketing self-medication products directly to consumers is allowed, under strictly regulated terms.

Orion aims to look after patient safety also by sharing accurate up-to-date information about the use, storage and safety of its products via its own marketing and corporate communications channels, in the extent permitted by law.

Regulations concerning diagnostic products require that the product packages contain all essential information about the product, manufacturer, purpose of product, storage and validity. The packaging contains appropriate warnings. The end user will always receive detailed user instructions with the package. When required, an analysis certificate, information on product calibration traceability and a safety data sheet is provided for each batch.

PR4 Total number of incidents on non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes

Orion had no incidents of non-compliance with regulations and voluntary codes concerning product and service information during the reporting period.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Orion monitors customer satisfaction based on monthly market data. Changes in trends indicate changes in customer satisfaction in relation to the competitive situation. In addition to monthly

sales statistics, Orion also collects qualitative data for its key accounts by conducting customer and market segment specific surveys, applying their results as guidance for strategic targets and operational development.

Marketing communications

PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

Orion ensures with regular training and coaching that the persons involved in sales and marketing operations manage both the common codes and practices of the industry and Orion's own practices and principles, and that they are followed.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

In November 2012, the Swedish IGM (Läkemedelsindustrins informationsgranskningsman) imposed a sanction payment of SEK 90,000 to Orion Pharma AB, Orion's marketing organisation in Sweden, because of improperly presented minimum information about Pronaxen (naproxene) on the product's Facebook page. Orion Pharma AB corrected the information immediately after it was notified of the violation, and did not complain about IGM's decision. The case is described in on LIF's website, at <http://www.lif.se/default.aspx?id=83862&ptid=19178>.

Except the above, Orion has no other recorded breaches or incidents of non-compliance with regulations and voluntary codes concerning marketing communications, advertising, promotion, and sponsorship, for the years so far covered by its sustainability reporting, i.e. since 2007.

Customer privacy

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

Orion has had no complaints regarding breaches of customer privacy or losses of customer or research subject data in any of the periods covered by Orion's sustainability reporting since 2007.

Compliance

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Orion has no events on non-compliance with laws and regulations concerning the provision and use of products and services in any of the periods covered by Orion's sustainability reporting since 2007.



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